2015/16 FY

ANNUAL REPORT

Volume I

DRAFT

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PROPOSED REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. It replaces a template dating back to August 2003.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others.

Notes are included throughout the format to assist the compiler to understand the various information requirements. Once the draft has been finalised, training will be provided to facilitate the implementation of this initiative, and separate additional guidance may be issued if necessary.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury
October 2009

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

The Financial Year 2015/2016 is the last year of the current Political Term and, consequently preparations for the election of a Team of new Councilors are earnestly underway.

The highly anticipated Local Government Elections on the 3rd of August 2016 were characteristic of many occurrences, and in our case both EFF and BRA joined Council in the Opposition benches in addition to the Democratic Alliance (DA).Culminating from this watershed Municipal Election, the new Executive Committee was elected from which I was elected the incumbent Mayor of the Municipality. I therefore take this opportunity to thank the previous Council, for the excellent work undertaken to place our Municipality in a strategic pole position for sustainable growth and excellence in provisioning of services to our communities.

I would also like to thank the Municipal Manager, Mr. Morris Maluleka and his team for their unwavering support and advises to ensure that Bela-Bela remains a "A Tourism Destination of Choice". Our highly skilled Administration under the astute Oversight of Council committed to providing all our clients and communities with service excellence to provide social and economic growth. Whilst our Municipality was rattled by instability in its Council, which to an extent had negative ramifications on Council and its Committees' ability to effectively perform their Oversight responsibilities, the Municipality could still manage to roll out its infrastructural projects and implement as planned.

This ability of our Municipality to spend MIG on all its projects as planned culminated into the Municipality being awarded with additional MIG funding for its good performance in this area.

In the area of Governance, the Municipality had to commission a Forensic investigation into allegations of irregular decision by the Municipal Manager. In the contrary, the Forensic Report which have since being noted by Council found nothing irregular with regard to the dictions and/or the actions of the Municipal Manager.The manner in which we interact and relate with all our stakeholders in their different formations and groupings have being found to be wanting, which may to an extent being a fertile ground for vary elements tirelessly working against the progress of the Municipality.

Amidst many challenges confronting the previous Council, our Municipality could still manage to improve on its 2015/16 performance, which was a further improvement to that of 2013/14 and 2014/15 Financial Years. This is indicative that we have a resilient Team of Managers who are not easily sidetracked by nefarious activities around their space of operations.

It is evident that our Municipality does boast an immense potential, which if appropriately unlocked will culminate into sustainable livelihoods for our populace. We therefore sih to sound this clarion call to all grouping, formations and structures therein to rally behind our shared developmental Vision.

Sincerely Yours

.....

CLLR J NGOBENI

MAYOR : BELA-BELA LOCAL MUNICIPALITY

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

This Annual Report, together with a third consecutive Unqualified Audit Outcome, bears testimony to what can be achieved by any Municipality through hard work, focus and determination amidst various forms of adversity.

In presenting this Annual Report 2015/2016, we affirm that Bela-Bela Local Municipality has made further massive strides "***To be the prime agricultural hub and tourism destination of choice***".

The 2015/2016 Financial Year saw instability within Council, which lead to dysfunctional Council and Council Structures thereby eroding the working relation between the PMT, Majority of Councillors and Administration. This culminated into some antagonistic relationships of convenience with some aggrieved stakeholders or members of the community, which were displayed through sporadic misguided protests, disruption of infrastructural projects and malicious print media publications, which could not be corroborated on allegations of maladministration and corruption.

Despite all these challenges, the Municipality showed resilience and continued in its excellent performance of its work, where infrastructure was rolled out throughout varying Wards therein. Consequently number of employment opportunities were created where majority of our Community Members benefited.

The 2015/2016 Financial Year was peculiar in that it marked the end of the current term of Council, which was replaced by the new Team of Councillors in the new Term after the 3rd of August 2016 Municipal Elections, the term which will start from 2016/17 and end by 2020/21.

To varying Municipalities across the Country, the aftermath of the August 2016 Municipal Elections brought new phenomenon, and in our context, whilst the African National Congress (ANC) retained its status as the governing Party, two (2) new Political Parties, Economic Freedom Fighters (EFF) and Bushbuckridge Residents Association (BRA) were joined Democratic Alliance on the Opposition benches in Council.

Whilst the number of Councillors remained at 17, the balance of power slightly changed in accordance with the following numbers of seat allocated to each Party in Council: ANC (09); DA (05); EFF (2) and BRA (01).

Over the 2013/14, 2014/15 and 2015/16 Financial Years respectively, our Municipality have received three (3) consecutive Unqualified Audit Outcome. Of paramount importance in these attainment was that over each Financial Year the number of matters of emphasis were reduced drastically. This is testimony to the fact that the Governance processes, controls and mechanisms continue to improve where efficiency and effectives are continuously becoming the determining factors of our actions.

During the Financial Year under Audit, our Municipality was nominated as one of the five (5) Municipalities in the Province, by the Department of Planning, Monitoring and Evaluation in the

Presidency to participate in the Pilot Programme of Local Government Management Improvement Model. The results confirmed the fact that our Municipality has improved tremendously on its Governance processes, and as such put in place requisite controls and was compliant with all the applicable Laws of the Sector and those of the Republic alike.

Due to our sound expenditure rate of the MIG, our Municipality was give additional funding, which enabled the Municipality to increase on the number of infrastructural projects being implemented therein. Consequently we had two Budget Adjustments to effect these changes in our Budget for the incumbent Financial Year.

Various key service delivery improvements achieved during the year under review confirmed the appropriateness of the strategic direction embarked on at the beginning of the term of office of the current leadership. These include, amongst others:

a) Attained Organizational Performance of 93.50%
b) Our Revenue Collection Rate was at 105%, which was above the 95% norm.
c) Realized significant reduction in irregular expenditure from R6 million in 2013/14 to R2 million during the 2015/16 Financial Year
d) Increased accessibility of free basic services (Water, Sanitation and Electricity) to all our Communities.
e) MIG Expenditure Rate of 100%

Bela-Bela Local Municipality continues to invest in infrastructure within the development of all our towns to create the best opportunities and provide excellent services for all our residents. The major infrastructure projects funded from the Capital Budget were:

a) *Bela Bela: Bulk Sewer Infrastructure X9*
b) *Water Infrastructure (MWIG)*
c) *CBD Roads Tarring - Phase2*
d) *Bela Bela: Upgrade Sport facilities stand 752 (Bela-Bela High)*
e) *Bela Bela: Storm water – Limpopo Road*
f) *Bela Bela: Road Paving X's 2, 7 &8*
g) *Bela-Bela Landfill Road Paving*
h) *Integration Electrification Programme(Build 10MVA Sub-Station*
i) *Upgrade Sunfa Stadium*
j) *Road Paving Phase 5 (Ext. 4)*
k) *Paving of Bus Route: Rapotokwane*
l) *Upgrade Sport Facilities Stand 274*
m) *Stormwater Marikana Street (x6)*
n) *Bela Bela: Multi-Purpose Center*
o) *Refuse Removal Equipment*

In 2015/2016, the Planning and Economic Development Department continued with the process to transform our Space Economy through key economic development imperatives and priorities as reflected in the 2015/2016 Integrated Development Plan (IDP), which primarily focus on job creation, investment promotion and sector development, rural economic development and the facilitation of skills development.

Our approach to expedite approval of building plans has moved into a higher gear. We are very much aware that in order to uplift the economy we need to pull out all stops to make this happen as fast as

is possible. Not only does the Municipality needs to be proficient on the approval of building plans, we also need to be customer friendly and assist our customers with the approval of plans and compliance thereto.

Despite the many challenges encountered with regard to Human Settlements, the Municipality through the support of the Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGSHTA) in the Province, has managed to provide 300 RDP Housing Units at Rapotokoane and Masakhane areas, which are Ward 9 and 8 respectively. It goes without saying that this is but a drop in the Ocean considering the fact that our backlog is at 4500. To this end the Municipality is earnestly searching for suitable land to be purchased and/or transferred by National/Provincial Government where mixed Human Settlement will be developed.

It is against this backdrop that we are confident that our Municipality is on track to good corporate Governance, where our communities will be provided with services in an excellent Manner.

Sincerely Your

.....

MM MALULEKA

MUNICIPAL MANAGER: BELA-BELA LOCAL MUNICIPALITY

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1.2 INTRODUCTION TO BACKGROUND DATA

Bela-Bela Local Municipality is performing the Powers and Functions on the Table below: as assigned through the Constitution of the Republic of South Africa and the Local Government: Municipal Structures Act.

Table 1

Function	Is this a Shared Service (Y/N)	RESPONSIBLE DEPARTMENT AT THE MUNICIPALITY
Air Pollution	N	Social and Community Services
Building Regulation	N	Economic Development and Planning
Electricity Reticulation	N	Technical Services
Fire Fighting	Y	Social and Community Services
Local Tourism	Y	Economic Development and Planning
Municipal Airports	N	Social and Community Services
Municipal Planning	Y	Economic Development and Planning
Stormwater Management Systems in Built Up Areas	N	Technical Services
Trading Regulation	N	Economic Development and Planning
Potable Water	**N**	**Technical Services**

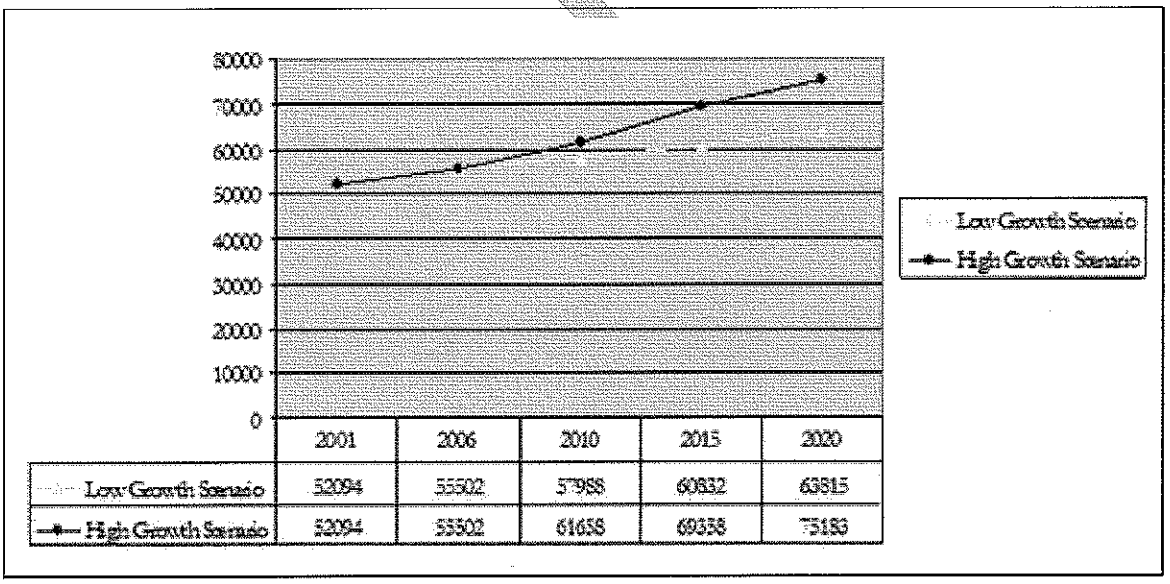
Whilst the Administration of the Municipality is tasked with the responsibility of ensuring optimal performance of all the Powers and Functions assigned to the Municipality as per the determination of the prescripts of the Law, Council through its Structures regularly performs an Oversight to all the respective Departments to ensure Legislative compliance to that effect and impacts aimed at improving the livelihoods of the communities therein.

Accordingly, the Municipality has developed and approved an Organizational Structure as depicted under graph 1 below that seeks to ensure optimal performance of these Functions. The picture correctly painted by the Organizational Structure is that the Departments of Technical Services, Social & Community Services and Planning & Economic Development respectively as the primary Service Delivery oriented Departments in line with the depiction under Table 1 above jointly constitutes more than 60% of the personnel of the entire Municipality.

Population Dynamics and Future Growth Trends

The total size of Bela-Bela's population as of 2011 was estimated to be at **66 500** individuals which has increased by 27. 6 % by 2011 compared to Census 2001. Annually, the Population of the Municipality is growing at the rate of **2.44%.** This is based on Census 2011 which also estimates that there are approximately **18 068 households** within Bela-Bela which is 3.7% increase from 2001 figure See **Table 2** below. Statistics South Africa indicated that this figure also takes into account Rapotokwane Village which was incorporated into the Municipality from Dr J.S. Moroka Local Municipality (Mpumalanga Province) in 2000. The **graph below** illustrates the estimated population projection when the information from BMR is taken into account.

Graph 1 Population Growth 2001-2020



	2001	2006	2010	2015	2020
Low Growth Scenario	52094	55502	57988	60832	63815
High Growth Scenario	52094	55502	61658	69358	75183

The high growth ratio takes into account other main factors such as in – migration, which can result in further increase in the population within Bela-Bela. It would be recalled from the 2007/ 08 IDP that there are a number of people who have relocated from Gauteng to Bela-Bela Town (specifically in the Warmbaths Extensions) to get away from the busy life of Gauteng.

Some of the impacts of the HIV/AIDS

- Low and/or zero population growth rate – affecting revenue base of the Municipality and sustainability of projects.

Table 2 Households Dynamics

	Census 2001		Census 2011	
Municipality	**Households**	**Ave HH size**	**Households**	**Ave HH size**
Bela-Bela	**12 335**	**3.7**	**18 068**	**3.7**
Waterberg	**145 883**	**3.7**	**179 866**	**3.8**

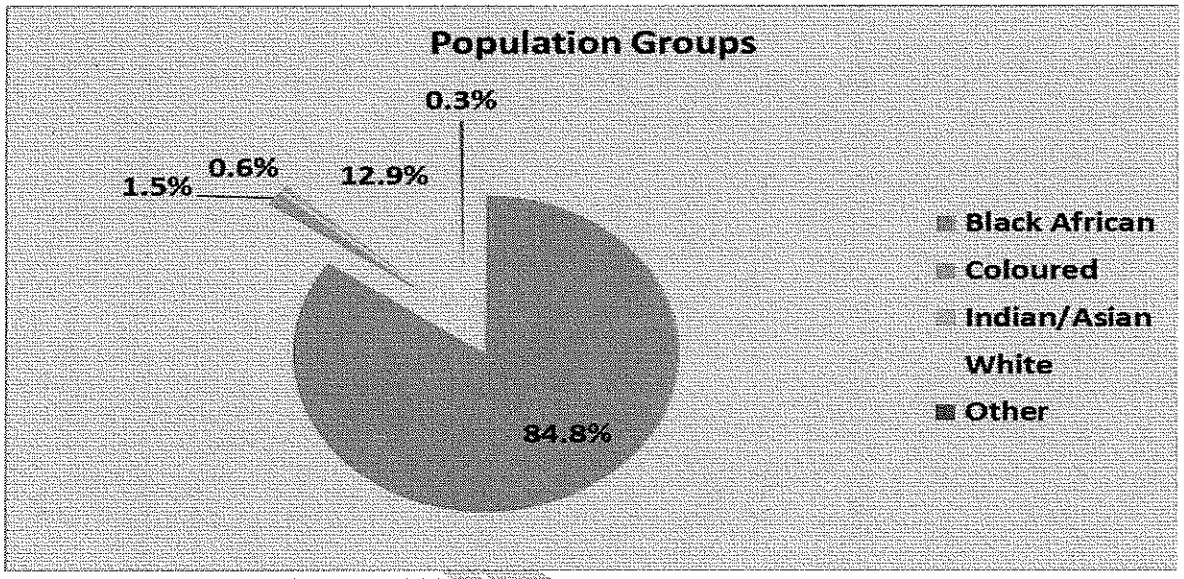
[Source: Statistics SA: Census, 2011]

They still have offices in Gauteng, but due to the development of technology they do not need to go to the office every day and therefore choose to live in areas such as Bela-Bela Town, further away from the city. The second factor is the increase of people entering the property market to such an extent that the number of home owners have increased. There was also an increase in people who bought weekend/holiday homes in resorts, estates, etc., of which some also opted for permanent residency specifically in the Estate developments. It can be assumed that the real growth rate for permanent residence in Bela-Bela Municipal area might even be higher than anticipated BMR growth rates up to the year 2020 as indicated in **Graph** ----- above.

1.3 Population Group, Age Group and Gender in Bela-Bela Municipal Area.

The population of Bela-Bela Local Municipality in terms of groupings categorized as per the **Graph 2** below. It is evident that Black Africans are in the Majority followed by Whites. It is therefore imperative to take caution that whilst the development priorities within the Municipality seeks to address the plight of Black Africans who majority of which is still characteristics of the previous dispensation in the Country, such should not be at the detriment of the other minority groupings therein.

Graph 2 Population Groups



[Source: Statics SA: Census, 2011]

All the residents of Bela-Bela Local Municipality irrespective of their Colour of ethnicity should be encouraged to partake in the developmental Agenda of the Municipality from within their respective localities and interest groupings.

The age composition or structure determines the kinds of economic activities which are currently existing and may need to be explored in the future within the locality. Different age groups have different economic needs and different spending patterns. According to Census 2011, the composition of the Population of the Municipality is Young (0–14) 28.1%, Working age (15-64) 66% and Elderly 65+ 5.9%.

Table 3 Census 2011 age group, gender and population group

	Black African	Coloured	Indian or Asian	White	Other	Unspecified
LIM366: Bela-Bela						
Male						

0 - 4	3 225	52	14	206	5	-
5 - 9	2 730	43	17	208	2	-
10 - 14	2 563	37	13	225	5	-
15 - 19	2 686	47	8	214	2	-
20 - 24	3 377	63	27	201	28	-
25 - 29	3 243	66	36	243	22	-
30 - 34	2 619	28	31	241	9	-
35 - 39	1 997	37	18	260	11	-
40 - 44	1 690	27	17	280	12	-
45 - 49	1 371	18	9	250	7	-
50 - 54	1 119	16	7	282	1	-
55 - 59	817	20	7	254	2	-
60 - 64	599	23	5	338	3	-
65 - 69	350	10	5	333	6	-
70 - 74	188	3	2	239	2	-
75 - 79	101	1	-	198	2	-
80 - 84	68	-	-	107	1	-

85 +	56	-	4	47	1	-
Total	28 799	489	218	4 127	122	-
Female						
0 - 4	3 188	39	16	204	8	-
5 - 9	2 798	29	11	213	7	-
10 - 14	2 540	43	11	211	3	-
15 - 19	2 496	44	18	219	1	-
20 - 24	2 849	61	14	197	5	-
25 - 29	2 782	38	12	257	8	-
30 - 34	2 094	31	16	229	9	-
35 - 39	1 992	33	8	248	8	-
40 - 44	1 606	30	10	305	4	-
45 - 49	1 525	30	14	268	2	-
50 - 54	1 123	41	5	334	5	-
55 - 59	910	24	8	310	3	-
60 - 64	554	18	4	393	1	-
65 - 69	385	8	3	336	3	-

70 - 74	312	4	6	287	4	-
75 - 79	205	3	4	207	3	-
80 - 84	129	1	-	134	-	-
85 +	117	-	-	82	-	-
Total	27 603	476	161	4 433	74	-

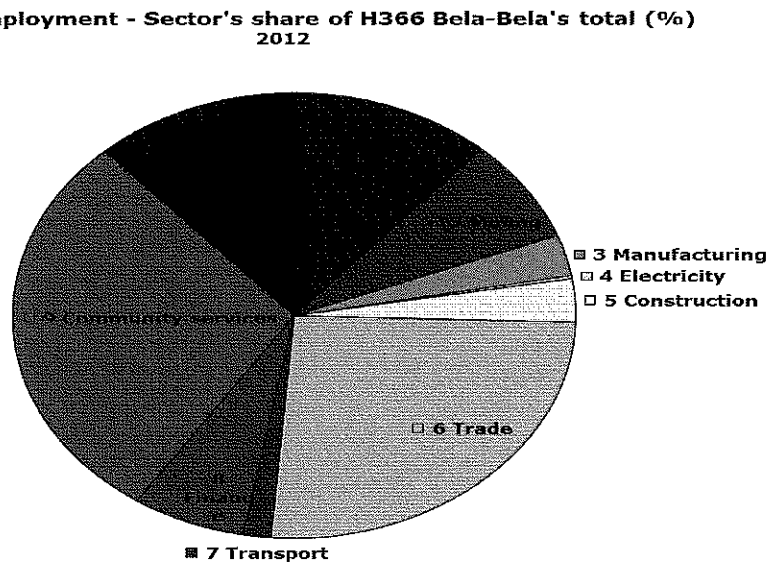
[Source: Statistics SA: Census, 2011]

This trend in age composition obliges the government departments and the Municipality to ensure that a large percentage of the budget is allocated to Social Development Facilities in order to meet the needs of a youthful population and ensuring that people falling within this age acquire relevant Skills and grow up to become responsible adults. The creation of more job opportunities should also be one of the key aspects of the developmental agenda by the Municipality in partnership with the sector departments such as the Department of Education, Health, Public Works, Roads and Transport etc.

The goal of the Local Economic Development Unit is to facilitate economic development, job creation and poverty eradication within Bela-Bela Local Municipality which is part of Waterberg District Municipality. This will be achieved by reducing the numbers of unemployed people, especially the youth, women and people living with disabilities. Secondly, by ensuring that there is economic development in the Municipality and in particular in the identified sectors. Furthermore, that there is reduction in the number of people living below the poverty line. **Section 153 of the Constitution** stipulates the following developmental duties of all Municipalities:

- A Municipality must structure and manage its administration, budgeting and planning processes to give priority to the needs of the community, and to promote social and economic development.
- A Municipality must participate in national and provincial developmental programmes.

Graph 3 Formal Employment Sector



Source: IHS Global Insight Regional eXplorer version 920

Based on the above, Bela Bela Local Municipality is actively participating in the Expanded Public Works Programme as well as the Community Works Programme. A Municipal budget is being implemented and equally redistributed within the parameters or principles of EPWP, this implies that each and every Capital project that the Municipality is implementing (capital expenditure) the element of social partnership is being taken into cognizance.

- Number of Youth : **484**
- Number of Women : **271**
- Persons with Disability : **2**
- The number of FTEs is : **308**

Notably, Local Economic Development is also concerned with the creation of an environment, which will engage stakeholders in implementing strategies and programmes.

The LED Unit will be reviewing the LED Strategy, which will guide implementation of programmes and projects going forward.

Table 4

REVIEW OF NEIGHBOURHOODS WITHIN BELA- BELA LOCAL MUNICIPALITY	
Settlement Type	**Households**
Towns and townships	
Bela Bela Town and Township(Growth Point)	12 000
Sub-total	**12 000**
Small Towns	
Pienaarsriver	500
Radium, Vingerkraal & Tsakane	1137
Rust de Winter, Mabula, Settlers & Farming Areas	2000
Sub-Total	**3 637**
Rural settlements	
Rapotokwane	600
Sub-Total	**600**
Informal settlements	
Jacob Zuma	1020
Bela bela ext 9	600
Spa park(proposed warmbath extension 25)	255
Vingerkraal	250
Eersbewoon/tsakane	245
Masakhane	145
Rapotokwane	30
Sub-total	**2545**
Total	**18 182**

Table 5

Natural Resources within Bela-Bela	
Major Natural Resource	**Relevance to Community**
Hot Natural Springs	One of the key Tourism attraction point and the origin of the name of the Municipality. Large number of job and business opportunities.
Natural Gas	Potential employment and Business opportunities in the green Economy

MINING: The contribution of the mining sector towards economic development of Bela-Bela is not highly significant. There is only one (1) mine (i.e. NAMCO which mine Industrial Diamonds) that exists within Bela-Bela. This mine is located on the southern parts of municipal area and approximately six (6) kilometres to the south east of Radium.

Although diamonds are found on the existing mining activity the previous research undertaken as part of the past IDP reviews revealed that the mineral occurrences that existed in Bela-Bela for mining resources and precious metals (i.e. gold and diamonds) is of a very low grade and potential to such an extent that it cannot be considered probable that these minerals can be mined within the next 20 – 50 years.

Other metals that are found on a limited scale include manganese, copper, tin, cobalt and the supply of calcite, refractory clay and fluorspar is sufficient. The distribution of limestone industrial mineral is small, with a medium scale supply of sandstone and clay which is used to manufacture the bricks within the area.

AGRICULTURE: In terms of the weather conditions, Bela-Bela comprises of temperatures between 20-29°C, with the average rainfall between 520 – 650 mm per annum. There are black and red clay soils of medium to high potential in the Springbok flats. Sandy, red soils and wetlands cover the rest of the area.

Vegetable crops include the following: Squash butternut, Squash hub barb, Onions, Watermelons, Cabbage assorted, Sweet Corn, Pumpkin Grey, Pumpkin White, Beetroot, Carrots, and Peppers. Fruit types include the following: Grapes, Citrus, and Peaches. Other crops include: Maize, Cotton, Millet, Tobacco, Lucerne, Cowpeas, Groundnuts, Wheat, Jugebeans, Chinabeans and Sunflower.

COMMENT ON BACKGROUND DATA:

Whilst the Hot Water Springs attracts thousands upon thousands of tourists to Bela-Bela, the benefits beyond mere employment opportunities, but for those aspiring to enter the Tourism business are still to be realised, particularly to the majority of the Black population therein

Due to the various crops produced, production systems vary widely. Although the trend is changing the whole industry is still characterized by a high unskilled labour input and a serious lack of middle management capacity. In the commercial estate farming the competitiveness of commercial production will be enhanced through appropriate skills development programmes at all levels and through infrastructure development. Access to water for irrigation is particularly important, but feeder roads to production areas and arterial roads to markets are just as important.

The agriculture sector is by its nature one of the most labour intensive industries, however, this ability to create jobs has decreased in recent times and there is evidence that the sector has even shed jobs. The main reasons can be attributed to the following:

- Mechanization – As with most other sectors, there is a trend towards mechanization (e.g. precision farming) in order to increase production output (per hectare).
- Availability of labour – There are claims that those people that have access to some form of social grant, may find the agriculture sector less attractive as they can probably get a similar, or very close to, a similar income through the social grant. As such, they may either withdraw their labour effort, or only offer it partially, which presents practical problems for the farmer.
- Effects of ESTA - The Extension of Security of Tenure Act (No. 62 of 1997) (ESTA) stipulates that farm labour that has worked on the farm for longer than 10 years and is 60 years and older, has a right to stay on the farm. Some of the farmers are trying to avoid this by employing less people.

The main conclusion is that the agriculture sector will play an increasingly important role to secure food security to the South African population, therefore making it a key sector in the economy. It is therefore important that all land be used productively

DRAFT

1.4 FINANCIAL HEALTH OVERVIEW

Bela-Bela Local Municipality is one of the higher performing Municipalities in the Limpopo province. Our average debt collection rate was 105% in the 2015/16 financial year which is the highest in the province and above average nationally. The Municipality always spend 100% of the allocated conditional grants before the end of the financial year. National Treasury has allocated Bela-Bela Local Municipality additional R39 million Municipal Infrastructure Grant (MIG) in the 2015/16 financial year based on good performance.

The Municipality's 2015/16 financial year's total revenue is R316 million. The highest source of revenue is Service Charges (income from Sale of water, electricity, waste collection and sanitation) followed by the grants from other spheres of government and property rates. The Municipality's 2015/16 financial year's total expenditure is R357 million. The highest expenditure is employee costs followed by the bulk purchases (Purchase of water and electricity) and Non-cash items (Depreciation and debt impairment).

The Municipality's financial performance resulted in a deficit of R41 million. The deficit has been arrived at after covering non-cash items amounting to R69 million.

The total consumer debtors book was R129 million at the end of June 2016. Debt collectors are being utilized to collect long outstanding debts.
Trade payables amounted to R105 million at the end of 2015/16 financial year. Major creditors included ESKOM for electricity distributions and the fleet service provider of which payment of the balance will depend on the outcome of the currently continuing court proceedings.

Table below indicates an overview of financial performance for the 2015/16 financial year.

Table 6

Financial Overview 2015/2016			
Description	**Original Budget**	**Adjustment Budget**	**Actual**
Income			
Grants	*102 848 200*	*102 848 200*	*104 252 391*
Taxes and Service charges	*210 537 770*	*212 365 809*	*187 924 679*
Other	*62 533 797*	*50 727 100*	*23 943 115*
Sub total	375 919 767	365 941 109	316 120 185
Less expenditure	368 226 249	387 146 156	357 493 364
Surplus / (Deficit)	**7 693 518**	**-21 205 047**	**-41 373 179**

1.4.1 OPERATING RATIOS

Table 7 below depicts the main operating cost rations in comparison with National treasury norms.

Operating cost ratios 2015/16	
Details	**Value**
Increase in revenue	15%
Employee cost	31%
Repairs and maintenance	3%

Finance charges and depreciation	10%
Increase in expenditure	8%
Interest cover	6 times
Net loss percentage	-12%

Revenue has increased by 15% from the previous financial year which is above inflation mainly because of three main factors ie: The increase in service charges tariffs that were pushed by the bulk purchases take on costs, Rise in the number of learners and drivers license which resulted in increase in licensing revenue and higher adjustment of grants allocated to Bela-Bela Local Municipality in terms of Division of Revenue Act (DORA)

Employee costs is at 31% of the total operating expenditure and is considered to be within the National Treasury norms of between 25% and 40% as stipulated on MFMA Circular No. 71. Repairs and maintenance is at 3% while finance charges. Acquisition and construction of new infrastructure while gradually replacing the old infrastructure and cash flow limitations resulted in lower repairs and maintenance. Depreciation is at 10% of the total operating expenditure.

Total expenditure has increased by 8% which is above the inflation rate mainly because of annual general salaries increases above the inflation rate, Non-cash items on accelerated wear and tear from old assets written off and bulk purchases from ESKOM and Magalies water above inflation tariffs hike.

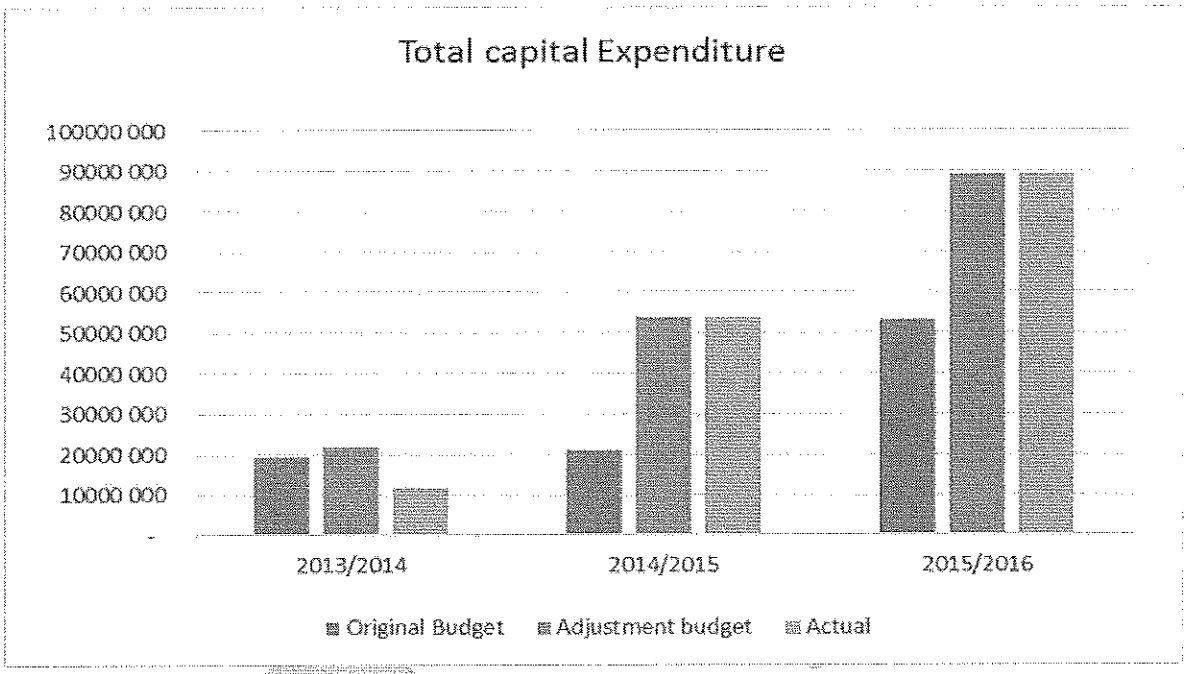
Interest cover is six times the operating deficit which is an indication of inadequate guarantee of interest payment when due. The net loss constitute 12% of total revenue. The deficit has been arrived into after taking in to account the non-cash items amounting to R59 million. In essence the Municipality has a net cash surplus of R22 million.

1.4.2 CAPITAL EXPENDITURE

Table 8 below shows the total capital expenditure over the period of three financial years.

Total capital expenditure			
Details	**2013/2014**	**2014/2015**	**2015/2016**
Original Budget	19 347 000	21 097 000	53 182 750
Adjustment budget	21 818 000	53 939 677	89 194 698
Actual	11 862 000	53 939 677	89 194 698

Graph 4 illustration of capital expenditure over the three financial years



The Municipality's capital expenditure has been increasing from R11 million in 2013/14 to R89 million in 2015/16 financial year. Major increase was as a result of new infrastructural grants allocated to Bela-Bela Local Municipality. Those grants include: Municipal Water Integrated Grant (MWIG) and Integrated National Electrification Programme (INEP)

1.5 AUDITOR GENERAL REPORT FOR 2015/2016 FINANCIAL YEAR

Bela-Bela Local Municipality complied with the provisions of Section 125 of MFMA and Section 45 of MSA of 2000 by compiling and submitting both the 2015/2016 Annual Performance Report and the 2015/16 Annual Financial Statements. Both the 2015/2016 Annual Performance Report and the 2015/2016 Annual Financial Statements were submitted to the Auditor General for auditing by the 31st of August 2016. The municipality obtained an unqualified audit opinion in the 2015/2016 financial year and the preceding financial years. Below is the detailed 2015/2016 Auditor General's Report.

Report of the auditor-general to Limpopo provincial legislature and the council of Bela-Bela Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bela-bela Local Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 43 to the financial statements, the municipality is a defendant in various lawsuits. The municipality is disputing these claims. The ultimate outcome of these lawsuits cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of an error which was discovered during 2016 in the financial statements of the municipality at, and for the year ended 30 June 2015.

Material losses and impairment

10. As disclosed in note 52 to the financial statements, material losses to the amount of R27 179 645 were incurred as a result of water and electricity losses.

11. As disclosed in note 33 to the financial statements, material losses to the amount of R29 944 421 were incurred as a result of a write-off of irrecoverable consumer debtors and receivables from non-exchange transactions.

12. As disclosed in note 14 to the financial statements, a material debt-impairment to the amount of R114 812 617 was raised on trade debtors due to the doubtful collection of long outstanding consumer debts.

Irregular expenditure

13. As disclosed in note 49 to the financial statements, the municipality incurred irregular expenditure of R2 130 086 in the current year, in contravention of the *Supply Chain Management Regulations* (SCM regulations).

Fruitless and wasteful expenditure

14. As disclosed in note 48 to the financial statements, fruitless and wasteful expenditure due to interest charged on overdue accounts of R857 891 was incurred in the current year.

Additional matters

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary information

16. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon

Unaudited disclosure notes

17. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon

Report on other legal and regulatory requirements

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected Key Performance Areas (KPAs) presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected Key Performance Areas (KPA) presented in the annual performance report of the municipality for the year ended

30 June 2016:

- KPA 1: Basic service delivery on pages x to x
- KPA 3: Local economic development on pages x to x

20. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. The material findings in respect of the selected KPAs are as follows:

Basic service delivery

Usefulness and reliability of reported performance information

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for key performance area: basic service delivery.

Local economic development

Usefulness and reliability of reported performance information

23. I did not identify any material findings on the usefulness and reliability of the reported performance information for key performance area: local economic development.

Additional matters

24. I draw attention to the following matters:

Achievement of planned targets

25. Refer to the annual performance report on pages x to x; x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph(s) x; x; x of this report.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for

auditing. These material misstatements were on the reported performance information of Basic service delivery and Local economic development. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary schedules

27. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.

Compliance with legislation

28. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of theMFMA.

    Material misstatements of expenditure, accumulated surplus and irregular expenditure and other disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure

30. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

31. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA.

32. Reasonable steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Internal control

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

34. The accounting officer did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with certain laws and regulations.

Financial and performance management

35. Regular reconciliations between the general ledger and the underlying records were not performed, which resulted in material misstatements identified during the audit.

36. The financial statements and reported performance information contained a number of misstatements that were corrected. This is mainly due to inadequate review by management.

Governance

37. An adequate risk assessment was not performed on the reporting of performance against the municipality's objectives.

38. The audit committee did not adequately review the financial statements and the performance report to ensure that they are prepared in terms of the required reporting standards and that an adequate portfolio of evidence is available for the reported performance.

Other reports

39. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

40. An independent consulting firm performed an investigation at the request of the municipality during the 2013-14 financial year. The investigation was initiated based on an allegation of possible irregularities in the traffic department. The investigation was concluded on 20 October 2014 and resulted in disciplinary proceedings being instituted against seven employees. Disciplinary proceedings against five of these employees were concluded. Two employees were dismissed and three received final written warnings. Disciplinary hearings for other two employees were still in progress.

41. An independent consulting firm performed an investigation at the request of the municipality on allegations of possible irregularities in the housing department. The

investigation was concluded on the 30 June 2016. The report recommended proper controls to be implemented by the municipal manager.

42. An independent consulting firm performed an investigation at the request of the municipality during 2015-16 financial year. The investigation was initiated based on allegations of financial misconduct by the municipal manager. The investigation was concluded on 6 May 2016. The report implicated ten employees including the municipal manager. The council took a resolution to seek a legal opinion on the report which was received on 21 November 2016 and were advised that corrective and disciplinary actions be instituted against four employees excluding the municipal manager. These proceedings are currently in progress.

Auditor-General

Polokwane

30 November 2016

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

1.6 STATUTORY ANNUAL REPORT PROCESS

Table 9

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4th quarter Report for previous financial year	
4	Submit draft 08/09 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December

17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

1.6.1 COMMENT ON THE ANNUAL REPORT PROCESS

In terms of Section 127 (2) of the Local Government Municipal Finance Management Act No 56 of 2003, the Mayor of the Municipality must within seven months after the end of the year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal Entity under the Municipality's sole or shared control. In order to comply with the provisions of the above mentioned Act, Bela-Bela Local Municipality established a process of compiling the 2015-2016 Annual Report. The process began with the adoption of the National Treasury Circular 11 and 63 which provides guidance on how and when to compile and to submit the Annual Report. It should be noted that the requirements of the two circulars compliments each other hence both applied in the compilation of 2015/2016 Annual Report of the Municipality.

Management commenced with the compilation of the report from July 2016 and the 2015/2016 Draft Annual Report was tabled to the Auditor General during Auditing of the 2015/2016 Annual Financial Statements and the 2015/2016 Annual Performance Report in August 2016. Management deemed it necessary to achieve the timelines as set out in the circulars to afford Council ample time to exercise its oversight role over the Administration work. Over and above, the compilation of the 2015/2016 Annual Report as per the above mentioned National Treasury Circulars allow the Municipality to provide more and comprehensive information on the activities and decisions made by the Municipality during the financial year under review.

Furthermore, the municipality adhered to the timeliness on the compilation of the Annual Report to provide more range of information on the challenges, successes and the overall performance of the Municipality. The information assist the new planning cycle for the 2017/2018 Financial Year. The Municipality also compiled the 2015/2016 quarterly performance reports in line with the 2015/2016 approved IDP, Budget and the SDBIP which formed the basis of the 2015/2016 Annual Performance Report outlined in Chapter 4 of this Annual Report.

CHAPTER 2 – GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA support the requirements of Section 18(1) (d) of the Municipal Systems Act information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

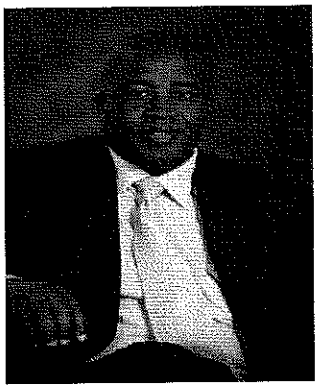
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2 POLITICAL GOVERNANCE

2.2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Bela-Bela Local Municipality is a Category B municipality established in terms of Section 12 of the Municipal Structures Act (Act 117 of 1998) and applying a collective Executive Committee System. The Municipality has established Section 80 Committees and are functional. The Committees meet on monthly basis. The recommendations of the Committees are then forwarded to the Executive Committee chaired by the Mayor which also meet monthly.

The Municipality also established an Audit Committee which comprises of three members. The Committee is functional and established in terms of section 166 of MFMA (2003). For the audit of performance the Municipality utilizes the existing Audit Committee for the purpose of the Performance Audit Committee as per Municipal Performance Regulations. Municipal Public Account Committee (MPAC) is also established, and performs the role of the Oversight Committee.

POLITICAL STRUCTURE	FUNCTION
MAYOR	
 Cllr L Nhlapo	The Mayor provides general political guidance over the fiscal and financial affairs of the municipality and perform all duties as prescribed in of Section 53 of the Local Government Municipal Finance Management Act No 56 of the 2003. Presides at the meetings of the Executive Committee. Performs the duties, including and ceremonial functions, and exercises the powers delegated to the Mayor by the Municipal Council or Executive Committee. In terms of Section 49 of the Local Government Municipal Structures Act No. 117 of 1998 and Regulations.
SPEAKER	The Speaker of Council presides at meetings of Council Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government Municipal Systems Act (MSA) No 32 of 2000. Ensures that Council meets at least quarterly Also maintain order during meetings. The Speaker is also responsible for ensuring compliance in Council and Council Committees with the Code of Conduct set out in Schedule 1 of MSA No 32 of 2000. Ensures that Council meetings are conducted in accordance with the Rules and Orders of Council.
Cllr S Maluleka – Ward 2	

Chief Whip

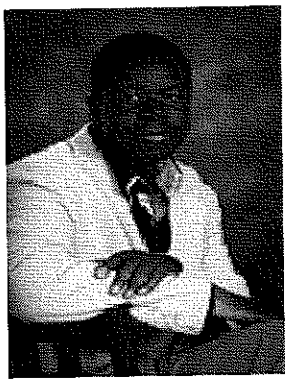
CHIEF WHIP CLLR R RADEBE

The Chief Whip of Council maintain sound relations between the Municipal Council and various political parties. Ensure that relationships are constructive and focused on the key issues at hand. Furthermore the Chief Whip is responsible for ensuring that Councillors of the various Political Parties are allocated to different Committees.

It is the responsibility of the Chief to ensure quorum at Council meetings, Advise councillors belonging to various parties to convene party caucuses so as to determine the party's position on specific item/motions on the Council's agenda. To collaborate with the Speaker in relation to issues of discipline and code of conduct of councillors. Attend IDP Rep Forum. Also draw Speaker's lists for the Council debates and determine the speaking time for members after consultation with the respective chief whips of all political parties in Council.

Cllr J Van der Merwe – Ward 1 Ward Councillor , EXCO member and Planning & Economic Development/Infrastructure member

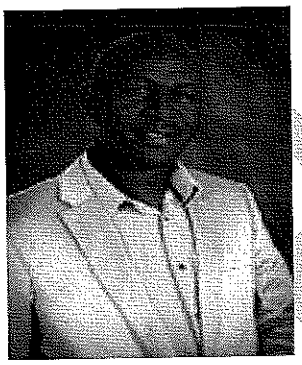
The Executive Committee (EXCO) is the Principal Committee of Council in the Municipality. The Committee receives reports from other Committees and Sub-Committees of Council. Members of EXCO identify the needs of the Municipality. They also review and evaluate those needs in order of priority. Recommend to the municipal council strategies, programs and services to address priority needs through the Integrated Development Plan (IDP) and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and also recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programs and services to the maximum benefit of the community.



Ward Councillor
Cllr W Mokgethoa – Ward 9

Planning & Economic Development and Infrastructure Committee Chairperson.

The Chairperson of the Planning & Economic Development and Infrastructure Committee presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee further advise the Executive Committee on Infrastructure development and service delivery issues and proposals that includes water, sanitation, electricity, roads and maintenance. The Committee also serves as a hearing panel for all the applications as and when there are objections received by Council. It also plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments



Ward Councillor
Cllr J Sesane – Ward 7

Planning & Economic Development and Infrastructure Committee member.

Members of this Committee are responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee members further advise the Executive Committee on Infrastructure development and service delivery issues and proposals which includes water, sanitation, electricity, roads and maintenance. Plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments.

PR Councillor
Cllr T Mokonyane.

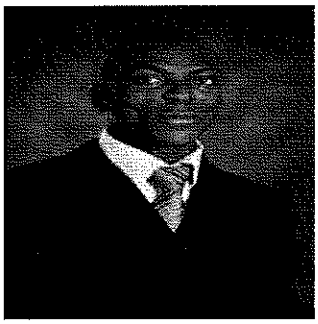
Social & Community Services Chairperson

The Chairperson of the Social & Community Chairperson presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Social & Community Services. The Committee further advises the Executive Committee on Social Services, Disaster Management, Environment, Waste Management, and Safety & Security. The Committee also plays an oversight role on the performance of the Community and Social Services.

Ward Councillor
Cllr P Aphane – Ward 8

Social & Community Services Member

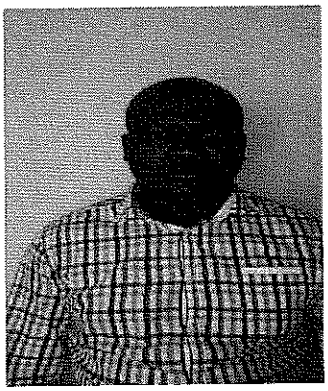
Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services.



Ward Councillor
Cllr FS Hlungwane –Ward 04

Social & Community Services Member

Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services



PR Councillor
Cllr D Senosha

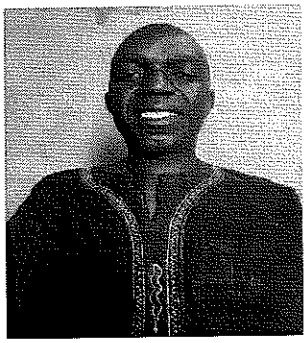
Social & Community Services Sub-Committee and Local Labour Forum Member

Members of the Social and Community Services Sub-Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services while the Local Labour Forum (LLF) is a Structure designed to strengthen the relationship between the Organised Labour and Management. Members of the LLF has the responsibility of negotiating and consulting on matters of mutual concern pertaining to the municipality and which do not form the subject matter of negotiations at the South African Local Government Bargaining Council (SALGBC). The Forum also addresses matters referred to the Forum by the SALGBC, employees and also by the Municipal Management. Furthermore, the members of the LLF also negotiate on the implementation of Minimum Service Level Agreements and other matters as may be relevant.

Ward Councillor
Cllr LR Mpete- Ward 3

Budget & Treasury/Governance and Transformation Sub-Committee Chairperson.

Councillors in the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



PR Councillor
Cllr GT Malete

Budget & Treasury/Governance and Transformation Sub-Committee member.

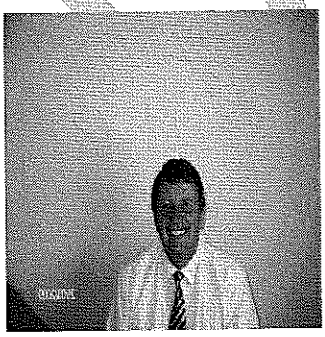
The Chairperson of the Budget & Treasury and Transformation Su-Committee also presides and provide political leadership to the meetings of the Sub- Committee. Councillors in this Sub- Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD, Legal Services, Occupational Health and Safety matters. The Sub-Committee also plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments

Ward Councillor

Cllr H Ledwaba – Ward 5

Budget & Treasury/Governance and Transformation Sub-Committee member.

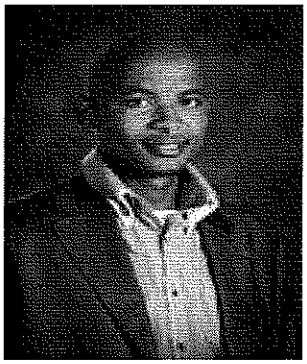
Members of the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



PR Councillor
Cllr MN Ras

Budget & Treasury/Governance and Transformation Sub-Committee member.

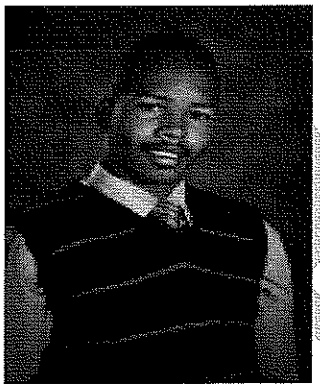
Members of the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



PR Councillor
Cllr P Mahlangu

Municipal Public Accounts Committee (MPAC) Chairperson

The Chairperson of the MPAC convene and presides over the MPAC meetings. The core functions of the MPAC includes amongst others playing an oversight on the performance of the municipality by means of interrogating financial and non-financial reports and the report findings to Council. The Committee further examine the Financial Statements and the Audit Reports of the municipality. It is this committee that consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an Oversight Report on the Annual Report. The Committee further promote good governance, transparency and accountability on the use of municipal resources. The Committee further recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee. The Committee also performs any other functions assigned to it through a resolution of Council.



PR Councillor
Cllr K Alberts

Municipal Public Accounts Committee (MPAC) Member

As indicated above members of MPAC plays an oversight on the performance of the municipality by means of interrogating financial and non-financial reports and the report findings to Council. The Committee members further examines the Financial Statements and the Audit Reports of the municipality. It is the members of this committee who consider and evaluate the contents of the Annual Report and to make recommendations to Council when adopting an Oversight Report on the Annual Report. The Committee members further ensures the promotion of good governance, transparency and accountability on the use of municipal resources.

2.1.2 COUNCILLORS

Bela-Bela Municipal Council has a total number of 17 Councillors, with the African National Congress being the majority party. Out of 17 Councillors, 9 are ward councilors and 8 are councilors appointed on a proportional basis.

2.1.2 POLITICAL DECISION-TAKING

Bela-Bela Local Municipality has established section 79 committees. The committees are structured as follows:

a) Planning and Economic Development/Infrastructure Sub Committee

b) Social and Community Services Sub committee

c) Governance & Transformation /Budget & Treasury

d) MPAC

The committees sit every month. All recommendations are then forwarded to the Executive Committee for consideration. The Executive Committee has the authority to approve delegated functions and the remaining are resolved at Council meetings. During 2015/16 financial year, 4 ordinary Council meetings and 4 Special Council Meetings were held. The Municipal Council took 207 resolutions were during 2015/2016 financial year of which all 207 resolutions were fully implemented.

2.3 ADMINISTRATIVE GOVERNANCE

2.3.1. INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Organizational Structure of Bela- Bela Local Municipality makes provision for a Municipal Manager and five Section 56 Managers. This indicates that there are five Head of Departments reporting to the Municipal Manager thematically depicted as follows:

Graph 1

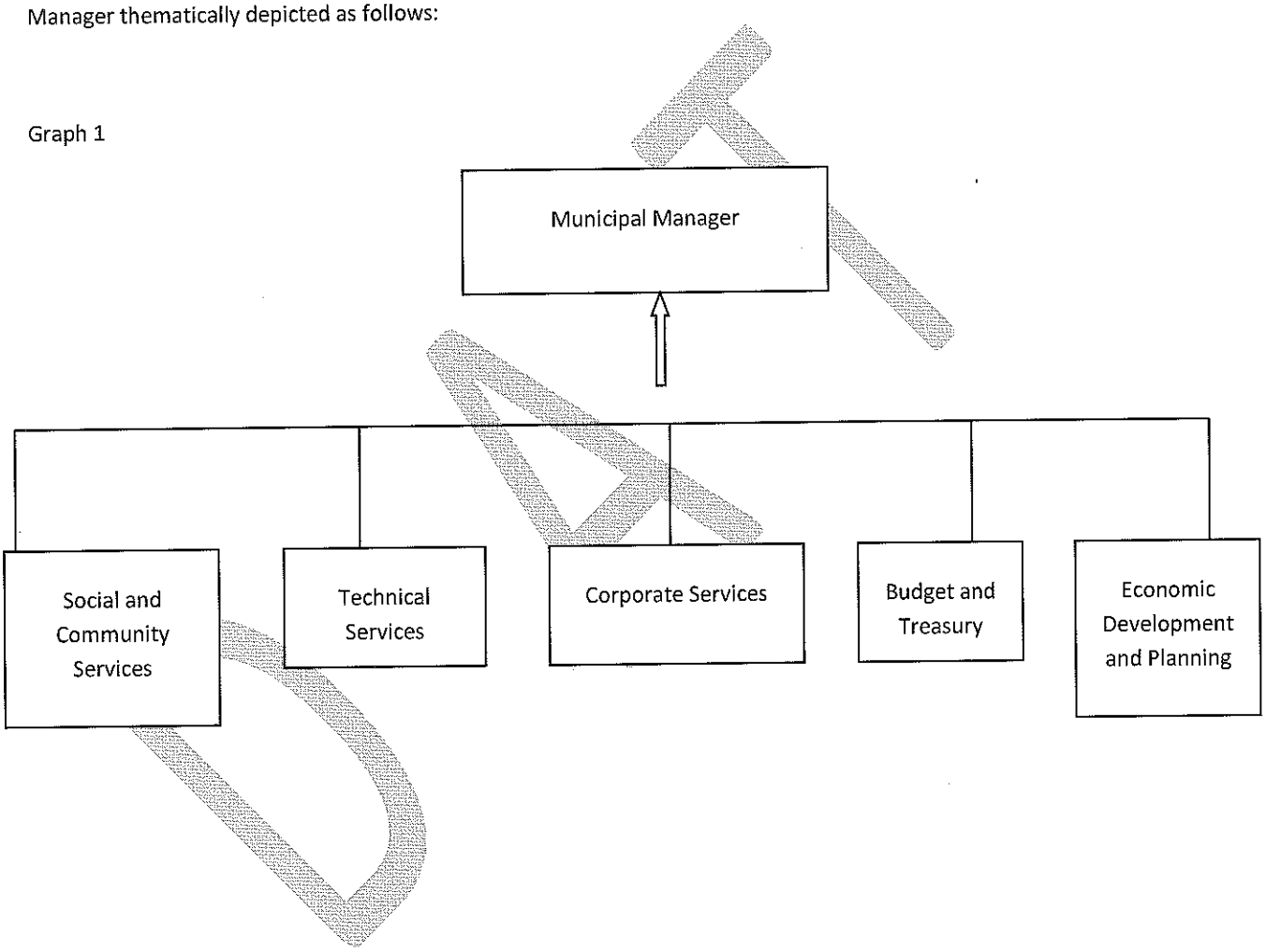


Table 1

TIER 1 TOP ADMINISTRATIVE STRUCTURE	Function
Municipal Manager **MM Maluleka**	a) The Municipal Manager - (i) as head of the administration, is responsible for the effective day to day running of the administration of the municipality; (ii) is responsible for the execution of Council resolutions; (iii) plays a prominent role, together with the Mayor, in building, maintaining and enhancing a good relationship between the Council, Councillors and the administration; (iv) must ensure, after consultation with the Mayor and Speaker, that a proper and effective Committee service responsible for the agenda and minutes is in place for each of the Committees, and that then Committees meet on a regular basis; (v) receives reports with recommendations from the Managers on all matters that must be handled by either the Municipal Manager, the Mayor or the Council in terms of the delegation of powers of the Council;
Manager Planning & Economic Development **Raputsoa P**	Managing the development, approval and implementation of the IDP. Monitoring the performance of the Municipality through PMS requirements.

RA

Compiling and monitoring the implementation of strategic, operational and activity plans to give effect to the IDP.

Compiling and submitting progress performance reports on all the development initiatives, projects, programmes and activities taking place within Bela Bela (i.e. Quarterly, Mid - yearly and Annual Reports).

Developing and Implementing policies and procedures to manage and co – ordinate all approved public participation and communication projects, programmes and activities.

Marketing of Bela Bela.

Co – coordinating investments proposals

Liaison with investors

Promotion of tourism

Supporting the LED projects

Providing incentives for the SMMEs./Support SMME Development

Ensuring the implementation of the town planning requirements within the development taking place in Bela- Bela Municipal Area.

Render Land Use, Building and Housing administration.

Render survey and demarcation of sites.

Decision – making in terms of spatial and physical planning.

Develop and advertise by-laws and policies related to Town Planning in accordance with the applicable laws.

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Manager Corporate Services **Seleka GM**	Render acquisition of staff. Administer employees' benefits. Render administration, labour and legal relations. Render training and development services. Render organisational development services. Render record management services. Render information technology services. Provide auxiliary services. Oversee the drafting and updating of by-laws. Compilation of council agendas. Provide Legal Services
Acting Manager Community and Social Services **Mothapo TJ**	Responsible for the maintenance of Parks, Cemeteries and Community Facilities. Protection and Emergency Services Waste Management and Cleansing Services.
Acting Manager Technical Services **Moloto J**	Technical Services Directorate is responsible for the provision of Water and Sanitation Roads and Storm-water Electrical Services
Chief Financial Officer **SM Kgatla**	The Chief Financial Officer (CFO) is responsible for Budget and Treasury Office(Finance), Budgeting and Financial Reporting, Expenditure and Revenue collection. The CFO play an advisory role to the Accounting Officer on the exercise of powers and duties assigned to the Accounting Officer in terms of the MFMA. It is also

the CFO who assist the Accounting Officer with the administration of the Municipality bank's accounts and in preparation and implementation of the Municipality's budget.

Other than advising the Accounting Officer, the CFO also advise the Senior Managers and other Senior Officials in the exercise of powers and duties assigned to them in terms of Section 78 and 79 of the MFMA.

Additionally the CFO review budget, account, analyse and draw financial reports, manage debts, supply chain and other duties as delegated to the CFO and the Accounting Officer.

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COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.4 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Bela-Bela Local Municipality participates in forums for intergovernmental relations, The Premier Mayor's forum and the Municipal Manager's forum. The IDP/PMS Divisions also participates in the Provincial and District Municipality's Fora. These forums include sector departments operating at cold face of society and communities. The Presidential hotline is established and deals with queries raised from various stakeholders inclusive of community members.

2.4 1INTERGOVERNMENTAL RELATIONS

2.4.1 .1 NATIONAL INTERGOVERNMENTAL STRUCTURES

Besides Provincial forums attended by both officials and politicians, there are other formal intergovernmental structures dealing directly with the National Government. The interaction between National Government and the Municipality is done through the Provincial forums which are as follows: The Provincial IDP forum, Premier's Lekgotla, Premeir's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA).

2.4.1.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Provincial Planning forum, Premier's Lekgotla, Premeir's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by Cooperative Governance and Traditional Affairs. These forums assist with implementation of the Performance Management Systems (PMS) at municipal level and the establishments of credible IDP and SDBIP and further ensuring that municipalities are striving to obtain Clean Audit Opinions.

2.4.1.3. DISTRICT INTERGOVERNMENTAL STRUCTURES

The Waterberg District Municipality is the only District in Limpopo Province that does not have powers and functions on water provision (Water Service Authority). Its role is to coordinate, facilitate and provide support to the local municipalities on service delivery and governance related matters. Bela- Bela Local Municipality is benefitting from attending the District Monitoring and Evaluation forum, the District Planning Forum the Mayor's forum and the Municipal Managers forum.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Communities within Bela Bela Municipality play a vital role to ensure accountability in municipal affairs. Through established ward committee system and scheduled IDP/Budget/PMS community participation processes Council account to the community.

The community participation processes have entrenched a culture of involving communities in decision making processes and finalising the IDP/Budget/PMS of the municipality.

Through the usage of the local media, Council sittings and established Council committee (ward committees) communities are continuously informed on municipal governance, management and other development.

2.5 PUBLIC MEETINGS

2.5 .1 COMMUNICATION, PARTICIPATION AND FORUMS

Communication is an important element of good governance. It is through communication that the communities and other stakeholders are informed about the activities of the municipality, and thereby getting empowered to participate in the affairs of the municipality. Section 18 of the Municipal Systems Act No 32 of 2000 stresses the importance of communication between Councils and Communities. It gives guidelines of issues that the municipality must communicate about to its community. It is in this regard that over the years the municipality has utilised different strategies to encourage community participation. This included programmes of mobilising, informing and educating, engaging and empowering communities in municipal affairs.

IDP/Budget/PMS public participation processes and ward committee meetings are the cornerstone sessions that entrenches community participation and accountability to the community on municipal programmes. The IDP/Budget/PMS sessions are held in each cluster during the week and on weekends in accordance with set time schedule. The purpose of these meetings is to give feedback and account to the community on the implementation of the IDP/Budget of the municipality. They are further utilized as a platform to agree on community needs which shapes the planning processes.

Further than the IDP/Budget/PMS public participation processes, the municipality involves the community on targeted consultations at ward level, with interested and affected stakeholders (NGOs, business, etc.) and through the IDP/Budget /PMS Rep Forum.

Other methods used to communicate with the community includes ward Imbizos, media and utilization of the website. Over and above acquisition and confirmation of needs, the Rep Forum meeting serves as a platform for Bela- Bela Local Municipality to engage the different stakeholders during the different stages of the IDP Process as a built up towards the approval of the future budgets, reports on performance on current and past financial years activities.

2.5.2 WARD COMMITTEES

The key purpose of ward committees is to create formal unbiased communication channels and cooperative partnership between the community and the municipality in the ward and facilitate public participation in the process of development, review and implementation management of the Integrated Development Planning of the Municipality and municipal processes.

The ward committees have fully participated in the IDP/Budget consultation meetings, however there has been a challenge of functionality due to none attendance by some members.

2.5.3 WARD COMMITTEE MEETINGS

During the 2015/2016 financial year ward committee meetings were held in order to inform local community about the IDP process, and also provide report back with regard to the implementation of the IDP review process as well as on projects which were implemented in the municipal area. Amongst other things which were discussed was the review of the existing IDP project list and identification of new projects.

2.5.4 IDP REP FORUM MEETINGS

The forum should be restructured so as to include the recently established ward committees, service providers and other community – based organizations. The Municipality held its IDP Representative Forum meetings on the 26th of October 2014 and 28 February 2015.

2.5.5 IDP ROAD SHOWS

The Mayor held 2015 - 2016 IDP/ Budget Mayoral Roadshow in all the wards within the jurisdiction of Bela Bela Local Municipality. The 2015 – 2016 IDP/ Budget Mayoral Roadshows took place during the months of April and May 2016

2.5.6 STRATEGIC PLANNING

Strategic planning session was held on the 17th to – 19th of February 2016 with Senior and Middle Management, Municipal Mayor, Executive Committee Members and the rest of the Council members. The Strategic Framework provided the strategic direction of the municipality, which also formed the basis for updating the Vision, Mission, Values, Objectives and Strategies. Furthermore, the most important aspect was the formulation of key performance indicators.

Table 2

Public Meetings					
Nature and Purpose of Meeting	Date of events	Number of participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and Manner of Feedback given to the community
Substance Abuse Campaign: Community Dialogue	30 July 2015	Six	Two	306	The activity was hosted with an objective of discouraging young people to indulge in illegal substances particularly Nyaope. Various stakeholders such as Department of Social Development, SANCA, and South African Police Services were invited to engage our community on possible ways to fight substance abuse.
Disability Indaba	07 August 2015	One	Two	149	People with disabilities were informed about general municipal services and other government institutions were invited to present their products and services to the sector.
Older Persons Campaigns	22 August 2015	Two	Two	80	Elderly people from various community based organizations were presented with general service delivery issues

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Public Meetings					
Nature and Purpose of Meeting	Date of events	Number of participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and Manner of Feedback given to the community
					particularly Indigents registration and municipal accounts
Youth Consultative meeting	08 November 2015	Two	Three	130	The Mayor consulted young people on general issues relating to youth development.
Report back meeting: Ward 9 Masakhane	12 January 2015	Two	Two	189	The Mayor and Ward Councilor reported about the RDP housing development that will commence in due course.
You Decide: Underage alcohol drinking	13 February 2016	Three	Two	200	Youth in high schools were engaged through workshop to refrain from underage drinking due to peer pressure
Report Back meeting Ward 4	27 March 2016	One	Two	300	Ward Councilor provided feedback on general service delivery issues raised by the community.
Ward Meeting Ward 6		One	Two	400	Ward Counsellor provided feedback on general service delivery issues raised by the community.
IDP/Budget Road Show Ward 1 Spa Park	03 May 2016	Two	Four	98	Proposed IDP and Budget for 2016/2017 was presented

Public Meetings					
Nature and Purpose of Meeting	Date of events	Number of participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and Manner of Feedback given to the community
IDP/Budget Review Dienssentrum, Community Hall and Laerskool Warmbaths	26 May 2016	0	Six	168	Reviewed proposed IDP/ Budget for 2016/2017 was presented by the Municipal Manager
IDP/Budget Road Show Ward 2	14 April 2016	Three	Five	115	Proposed IDP and Budget for 2016/2017 was presented
IDP/Budget Road Show Ward 4	08 May 2016	Two	Three	237	Proposed IDP and Budget for 2016/2017 was presented
IDP/Budget Road Show Ward 5	23 April 2016	Four	Three	153	Proposed IDP and Budget for 2016/2017 was presented
IDP/Budget Road Show Ward 6	21 April 2016	Two	Four	198	Proposed IDP and Budget for 2016/2017 was presented
IDP/Budget Road Show Ward 8 Rapotokwane	12 April 2016	Four	Two	79	Proposed IDP and Budget for 2016/2017 was presented
IDP/Budget Road Show Ward 8	18 April 2016	Three	Two	100	Proposed IDP and Budget for 2016/2017 was presented
IDP/Budget Road Show Ward 9 Masakhane	28 April 2016	Two	Three	137	Proposed IDP and Budget for 2016/2017 was presented

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

As a developmental Municipality, Bela Bela Municipality has a responsibility to mobilize ,inform, educate and empower local communities to expand their livelihood assets and capabilities, to participate in ,negotiate with influence , control and hold accountable institutions, like the Municipality that affect their lives and their well-being.

Guided by these principles, Bela- Bela Municipality has put Community participation and communication at the centre of its activities and programmes in order to ensure that these are guided and informed by the time aspirations of the community and that the Municipality meets Community needs.

Bela Bela Municipality acknowledges the need and intent to build on the Mayoral Imbizos and Council outreach programmes as the meetings or the programmes take Council closer to the people and afford Council an opportunity to interact directly with all members of the community and also see the conditions under which the communities live in. This consultation initiative further afford Council to learn about the level of satisfaction of community members with regard to the services rendered by the Municipality. These public meetings also provide a platform for community members to present to the Municipality matters of concerns whereby the Municipality clarify and strive to resolve some of the issues raised which also contribute towards a stable Municipality with reduced Community uprisings.

2.6 IDP PARTICIPATION AND ALIGNMENT

Table 3

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2)(c) of the MFMA supports the requirements of Section 18(1)(d) of the MSA of 2000: stipulates that information on matters of governance should be communicated to communities. This should, according to Sections 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

2.7 RISK MANAGEMENT

No organization operates in a risk-free environment. Risk management is an integral component of good management and decision-making at all levels. It is about making decisions that contributes to the achievement of the Municipality's objectives.

The purpose of an ERM process is to ensure that all significant risks that the Municipality is exposed to (whether at an executive, cluster, branch, component or project level) are proactively identified and managed to acceptable levels on a continuous basis. The key drivers to embed such a process within the Municipality are:

a) The avoidance of unplanned impacts as a consequence of risks that take us by surprise;

b) The need to protect the Municipality's reputation and image;

c) To comply with the requirements of applicable laws and regulations;

d) To ensure that we live the Municipality's values and comply with our code of conduct, and

e) To foster a culture of responsible risk taking.

Risks are defined as 'uncertain future events that could influence the achievement of objectives'. These could include strategic, operational, financial and compliance objectives. Some risks must be taken in pursuing opportunity, but the organization should be protected against avoidable losses.

In turn, ERM is defined as a 'process that is effected by people at every level of an organization, is applied in strategy setting and across the organization. It is designed to identify events potentially affecting the entity and manages risks within its risk appetite. It further provides management and the Executive Authority with reasonable assurance regarding the achievement of the entity's objectives.'

The definition of ERM reflects certain fundamental concepts. It is:

a) A process, ongoing and flowing through an entity;

b) Effected by people at every level of the organization;

c) Applied in strategy setting;

d) Applied across business, at every level and unit,

e) Includes taking an entity level portfolio view of risk;

f) Designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite;

g) Able to provide reasonable assurance to an entity's management and oversight structures; and

h) Geared to achievement of objectives in one or more separate but overlapping categories.

Benefits of risk management

Some of the benefits of risk management can be summarized as follows:

a) Ensures that management is focused on strategic objectives

b) Identifies and manages cross-organizational risks

c) Provides integrated responses to risks

d) Ensures rationalization of capital and financial resources

Municipality has risk management committee which composed of head of departments and chaired by an external person.

The risk management committee sits on a quarterly basis to discuss risks that threatens the municipal objectives. Below are five high risks identified by the municipality:

a) Ageing Infrastructure

b) Possible floods

c) High outstanding debts

d) High amount of distribution losses

e) Illegal occupation of land.

2.8 ANTI-CORRUPTION AND FRAUD

2.8.1 Fraud and Anti-Corruption Strategy

Bela-Bela Local Municipality has priorities fraud risk management as per the Local Government Municipal Finance Management Act (MFMA) No 56 of 2003. Fraud prevention policy and plan are in place. The hotline through which service delivery complaints are received and whistle blowers anonymous are reporting is centralized at the District Municipality and as well as at the Office of the Premier. To instill confidence in the anonymous reporting of incidents of fraud and corrupt activities, the hotline is managed independently. Bela-Bela Local Municipality has sound internal controls in place to work as a deterrent and to also prevent occurrence of fraud. All reported cases are monitored, investigated and furthermore discussed during Top and Broader Management meeting as well as during the Audit Committee meetings. Internal audit and Risk Management Committee assist to detect fraudulent and corrupt activities.

2.8.2 INTERNAL AUDIT FUNCTION

The Internal Audit Division is a governance structure. The unit report administratively to the Municipal Manager, functionally to the Audit Committee and has a staff complement of two officials.

The Internal Audit Division is responsible to evaluate the adequacy and effectiveness of the internal control system and report quarterly to the Audit Committee.

During the 2015/2016 Financial Year the internal controls were rated to be adequate, moderate and effective to accomplish the municipal goals and objectives. Furthermore the through the internal control system 95% of control weaknesses were raised during the year under review and the 90% of the weaknesses have been resolved while 5% are in the process of being resolved.

2.9 SUPPLY CHAIN MANAGEMENT

2.9.1 OVERVIEW SUPPLY CHAIN MANAGEMENT

Section 112 of the Municipal Financial Management Act (MFMA) No.56 of 2003 requires municipalities to have a Supply Chain Management Policy which is fair, equitable, transparent, competitive, cost-effective and comply with the prescribed regulatory framework. As guided by the above mentioned Act Bela-Bela Local Municipality revised its SCM Policy during 2015/16 financial year in order to comply and implement the provisions of Section 112 of MFMA. And taking into account other development in Supply Chain Management (SCM) such as the new South African Revenue Services (SARS) phasing out of tax clearance certificates and introduction of compliance PIN numbers, the new Centralized Supplier Database (CSD) and the e-Tender advertisement platform.

Supply Chain Management (SCM) has improved from the 2014/15 financial year. The Municipality improved its SCM through implementation of the sound internal policies and procedures. Furthermore, it should be noted that with the improvement on SCM and other areas the Municipality received Unqualified Audit Opinion in the 2015/16 financial year with reduced SCM compliance findings. However, it should be reported that there were

few non-compliance issues raised by the Auditor General. In order to address the findings of the Auditor General in this regard the municipality developed an action plan to closely monitor the implementation of the Auditor General's recommendations. The action plan is attached as a separate annexure.

With regards to the long term contracts and Public Private Partnerships (PPP) it should be indicated that the Municipality did not have long term contracts and PPP's during the 2015/16 financial year.

2.10 BY-LAWS

During 2015/2016 financial year the Municipal Council approved seven by laws that were taken for public participation and promulgated. The table below depicts details of public participation dates.

Table 4

By-laws Introduced during 2015/2016					
Description	Date Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-laws Gazetted (Yes/No)	Date of Publication
Water Services	March 2015	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014
Indigent Support	March 2015	Yes	15 March 2015 – 28 April 2015	Yes	12 June 2015
Electricity	March 2015	Yes	15 March 2015 – 28 April 2015	Yes	12 June 2015
Credit control	March 2015	Yes	15 March 2015 – 28 April 2015	Yes	12 June 2015
Property Rates	March 2015	Yes	15 March 2015 – 28 April 2015	Yes	12 June 2015
Collection	March 2015	Yes	15 March 2015 – 28 April 2015	Yes	12 June 2015
Tariff	March 2015	Yes	15 March 2015 – 28 April 2015	Yes	12 June 2015

COMMENT ON BY-LAWS

The Municipality planned to promulgate more by-laws however, the target was not achieved during the 2015/2016 financial due to financial constraints. Hence the Municipality sought financial assistance from the Department of Cooperative Governance and Traditional Affairs.

2.11 WEBSITES

Table 4

Municipal Website : Content and Currency on Material	
Documents published on the Municipality's Website	**Yes/No**
Current annual and adjustments budget and all budget related documents	Y
All current budget-related policies	Y
The previous Annual Report (2014/2015)	Y
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act no 32 of 2000	Y
All service delivery agreements 2015/2016	N/A
All long term borrowing contracts 2015/2016	N/A
All supply chain management contracts above a prescribed value give the value for 2015/2016 FY	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14 (2) or (4) during 2015/2016 FY	Y
Contracts agreed in 2015/2016 to which subsection (1) of Section 33 apply, subject to subsection (3) of that section	N/A
Public-Private Partnership agreements referred to in section 120 made in 2015/2016 FY	N/A
All quarterly reports tabled in Council in terms of Section 52 of the Municipal Finance Management Act no 56 of 2003 during 2015/2016 Financial Year	Y

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

In terms of Section 75 of the Municipal Finance Act no 56 of 2003, the Accounting Officer of a Municipality is expected to place on the municipal website refered to in section 21 of the Local Government Municipal

Systems Act no 32 of 2000 information as may be required and prescribed by the above mentioned Acts.It is in this regard that Bela-Bela Local Municipality established its website which is regularly updated.

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

2.12.1 PUBLIC SATISFCATION LEVELS

The Municipality did not conduct Customer Satisfaction Survey during 2015/2016 financial year however, a Customer Care Unit was established to gather service delivery issues raised by the community.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

3.1 INTRODUCTION

During the 2015/2016 financial year BBLM managed to maintain water services and access to all its consumers. The Municipality's water sources were under extreme pressure due to drought therefore, the Municipality had to implement water restrictions measures. Water supply was augmented by ground water in all the settlements through the MWIG funding. It is worth mentioning that informal settlements such as Vingerkraal and Tsakane were provided with water at an RDP standard. It should further be mentioned that the Municipality experienced mushrooming of new households in these areas.

The Municipality utilized infrastructure and service support as provided by Eskom in some of its areas such as Tsakane where 270 Households were electrified. In addition, the same settlement benefited from Magalies Water Board where a total of 50 VIP toilets were constructed and handed over to the beneficiaries.

During the financial year under review the Municipality has successfully maintained the electricity supply to all consumers and carried out preventive maintenance in order to minimize and where possible avoid load outages and shedding. In order to improve the electricity supply and to address the backlog on electricity, the Municipality embarked on a process of constructing a 10MVA substation with the assistance from Department of Energy. For the financial year under review the Municipality conducted an assessment on the current electricity capacity, and submitted a business plan to construct the 10MVA substation. The business plan was approved on a 3year funding cycle by the Department of Energy however Eskom also has to approve the designs hence the project implementation is anticipated to commence during the 2016/2017 financial year.

The municipality has also conducted a road visual assessment and produced a status quo report on the municipal roads and further developed a standard guidelines for design and maintenance specifications. Routine road maintenance was maximized to improve roads infrastructure conditions and accessibility.

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

3.2 INTRODUCTION TO BASIC SERVICES

Bela-Bela Local Municipality is a water services authority and provider. During the 2016/2017 financial year the Municipality experienced challenges with regard to the water supply system. The municipality was under severe strain due to drought and high water demands. The informal settlements in the municipal jurisdiction continued to grow and had to be catered for in the provision of water services even though they were not included during the planning processes.

Magalies water board is contracted to the municipality to provide purified water at 4.6 Mega-Litres (ML) per day. However, on average 2ML/day was received in this financial year. Obviously this was less than half of the required supply from the water board, hence the strain on the municipal resources.

Sewerage plants are on a high critical risk according to the green drop 2014 and need to be refurbished and upgraded in order to accommodate all the settlements. Programmes to develop funding business plan has already started and the municipality received R2 million from the Department of Water and Sanitation to do some maintenance at the Bela-Bela Waste Water Treatment Plan. Other plants will be covered as funds are made available from other sources.

The Municipality is as well licenced to provide electricity to the town and its townships. The outskirts of the municipal town is serviced by Eskom and that is where there is majority of the backlog. The municipality is in a process of applying for the licence to also supply electricity in those areas which are currently services by Eskom.

3.2. 1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

Bela-Bela Local Municipality is a predominantly dry area with an average annual rainfall of 481mm which is below the Country's average (500mm). The rainfall is seasonal and very variable over the past year resulting in unpredictable drought coupled by high evaporation.

The draught situation resulted in low water levels for Bela-Bela dam's i.e Warmbaths and Platrivier dams which also influenced the discharge of raw water for socio- economic factors.

Due to the irregular, rather unsustainable water supply in the area, the Municipality embarked on a plan to conserve, save and manage the supply of water and the plan had to be documented for purposes of reporting.

Bela Bela Local Municipality recorded 25% water losses in 2015/2016 audited financial year. The Water losses was more often discussed as un-accounted for water which is in two aspects i.e Technical losses (water loss in

the system due to infrastructure failure. Non-revenue water (water theft through illegal connections and non - payment by consumers).-

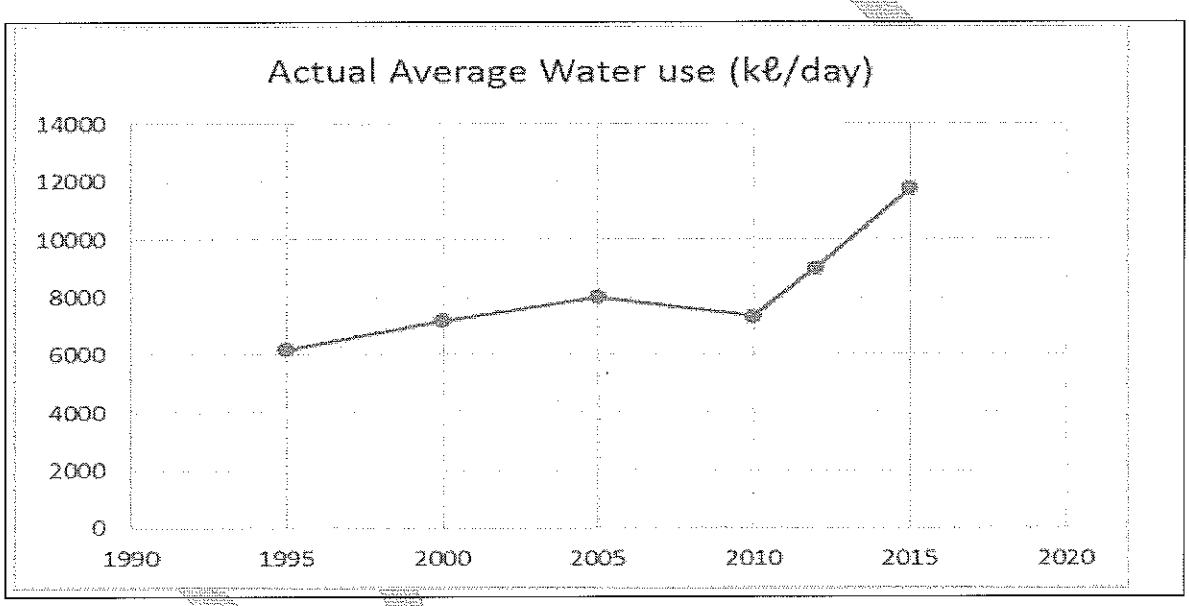
Bela-Bela Local Municipality has a total of 18068 households as per "Census 2011 Statistics" of which 14497 constitute Urban Residential as per the "Spatial Development Framework Bela-Bela 2011", meaning that the difference is either not proclaimed, illegal or rural settlements.

Urban Water Usage in 2015 was 11747kℓ/day, while for the other category the use is on the Moderate level of supply of 80ℓ/c/day (320ℓ/H/d) on 3571 households, the need is therefore 1143kℓ/day.

The indigent household in BBLM received 10kℓ of free basic water per month

The Water Demand in Bela- Bela Local Municipality jurisdiction is calculated at 12890kℓ/day.

Graph 1



Bulk Water Resources in Bela-Bela

The urban regions of Bela-Bela Local Municipality receive bulk water as follows:

i. Portable water from Magalies Water Board
ii. Bela- Bela Local Municipality Water Treatment Works
iii. Boreholes/ Ground Water

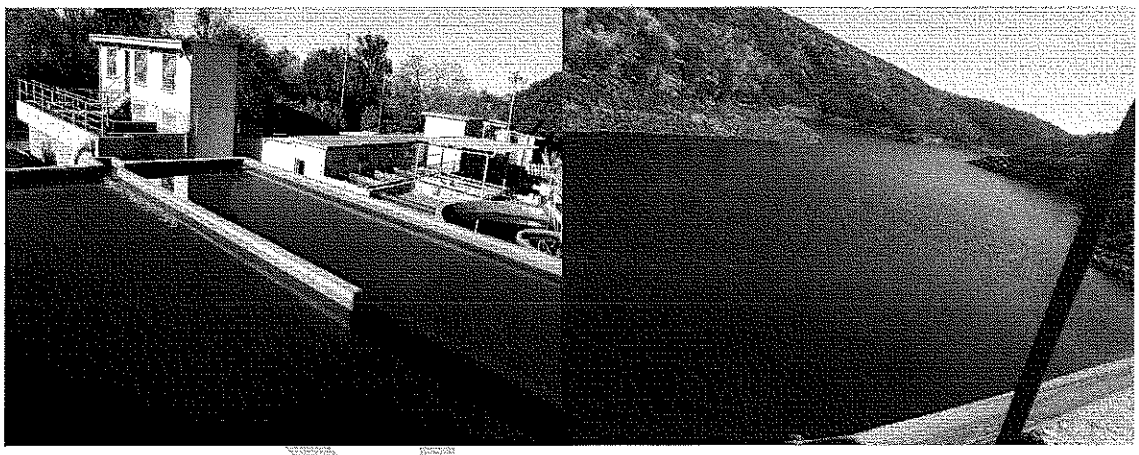
Table 1

Bulk Resource	Average kℓ/day	% Contribution
Magalies Water	2542	24.34
BBLM WTW	6700	64.16
Ground water	1200	11.49
Total	10443	99.99

****Note that the % Contribution is rounded off to 2decimal place*

Table-----above illustrates that there is a deficit of 2447kℓ/day on the current demand (11 747kℓ/day)

Figure 1



Bela- Bela Water Works Warmbaths Dam

The pictures above shows the state of water works. As depicted from the picture on the left side, it is confirmed that the old section of the water works need to be re-worked and incorporated to the current functioning plant.

The Warmbaths dam was at a critical state, almost at 31% empty and there was no enough water to be drawn from it. This then confirms that water management and conservation has to be improved.

Only one borehole (Roodepoort) was functional during the 2015 year and the delivery of 1200kℓ/day was unsustainable.

The Bela- Bela Local Municipality Water Treatment Works was the only sustainable Bulk Supply Resources.

To argument the bulk water supply, Bela- Bela Local Municipality embarked on the process of developing boreholes.

Additional six new boreholes were drilled & equipped while four were refurbished. All the work was done both at Bela- Bela urban area and in other settlements around Bela- Bela Local Municipality .it therefore be noted that the project was funded by the Department of Water & Sanitation.

While faced with challenges of draught, low water levels, and infrastructure in some areas, it is recommended that the Municipality prioritize reduction of water losses to acceptable limits and negotiate with Magalies Water Board to supply the Municipality with the agreed quota in order to reduce the shortfall.

Furthermore, the Municipality continued with Water Conservation Demand Management programme with the aim of reducing the impact of drought and also improve municipal revenue and performance.

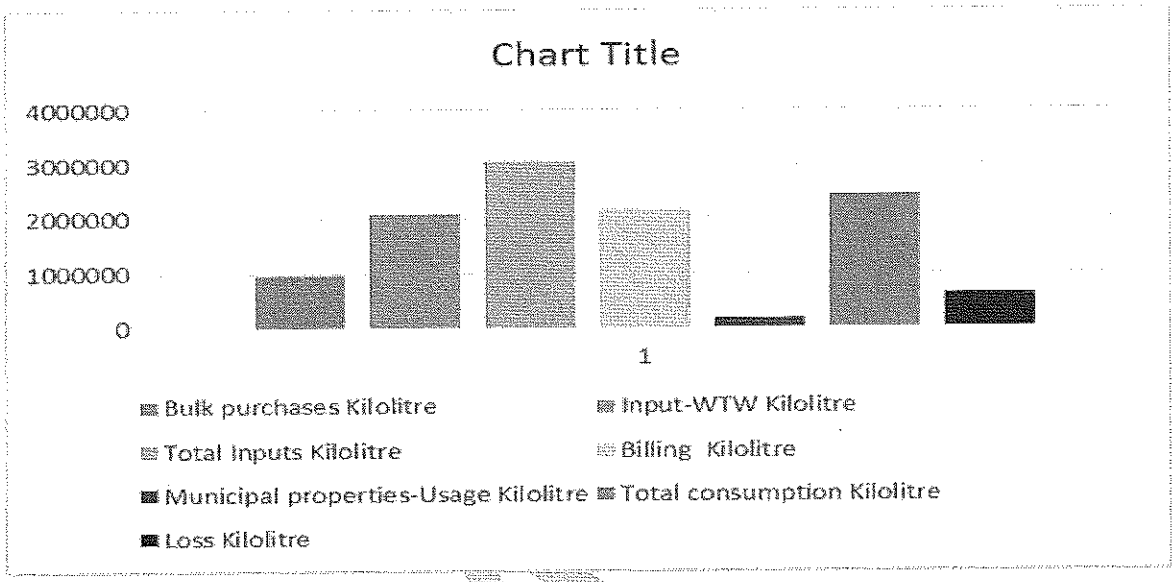
While implementing the austerity measures to reduce water supply challenges the Municipality Water Conservation Demand Management Plan prioritized the following actions:

- Reduce the level of non- revenue demand
- Reduce pressure in the reticulation system
- Water recycling
- Manage high water demand areas
- Reduce water losses to minimum acceptable levels
- Explore use of Ground water
- Education & awareness
- Replace aged infrastructure

Table 2

Water use (quantity)-July 2015 to June 2016						
Bulk purchases	**Input-WTW**	**Total Inputs**	**Billing**	**Municipal properties-Usage**	**Total consumption**	**Loss**
Kilolitre	Kilolitre	Kilolitre	Kilolitre	Kilolitre	Kilolitre	Kilolitre
955713	**2089720**	**3045433**	**2166451**	**168617**	**2432643**	**612790**

Graph 2



3.2.2 COMMENT ON WATER USE BY SECTOR:

Due to persistent drought, the Municipality continued with water shading for management and storage accumulation for bulk. Serious consideration on bulk water availability was done when considering applications for settlements with high service level.

The following Water Conservation Demand Management actions were prioritized:

- Reduce the level of non- revenue demand
- Reduce pressure in the reticulation system
- Water recycling
- Manage high water demand areas
- Reduce water losses to minimum acceptable levels
- Explore use of Ground water
- Education & awareness
- Replace aged infrastructure

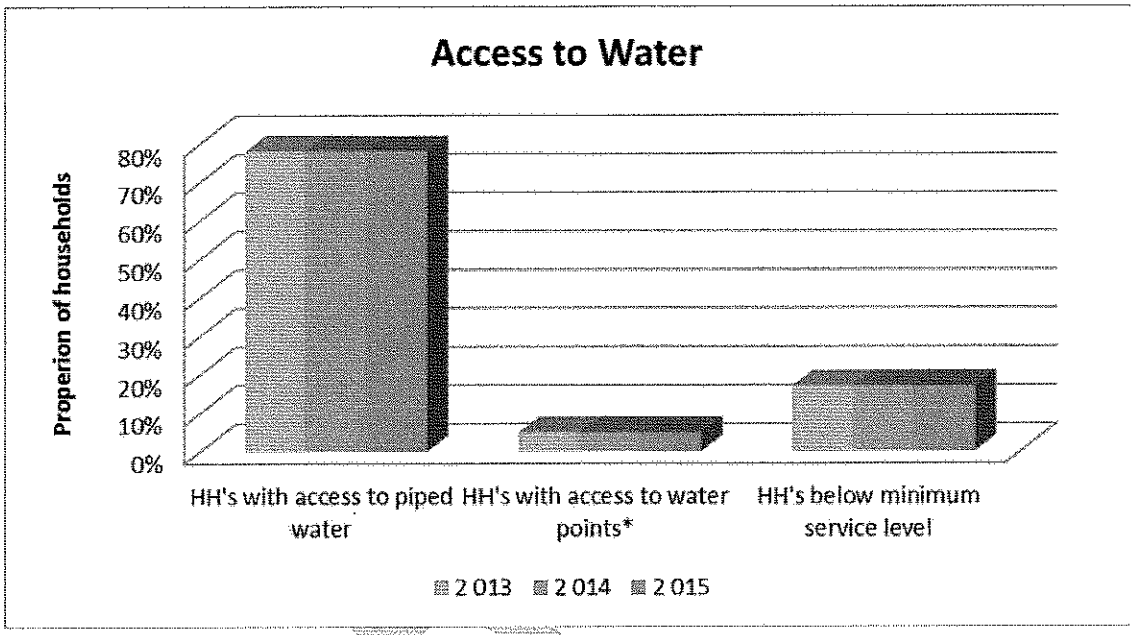
Magalies Water Board was constantly engaged to ascertain its capacity to supply water to the municipality.

Table 3

Bela Bela :Residential water services delivery access profile [Water]							
Census Category	**Description**	**2013**		**2014**		**2015**	
		Nr	**%**	**Nr**	**%**	**Nr**	**%**
	WATER (ABOVE MIN LEVEL)						
Piped (tap) water inside dwelling/institution	House connections	14 073	78%	14 073	78%	14 073	78%
Piped (tap) water inside yard	Yard connections	855	5%	855	5%	855	5%
Piped (tap) water on community stand: distance less than 200m from dwelling/institution	Standpipe connection < 200 m	3 136	17%	3 136	17%	3 136	17%
	Sub-Total: Minimum Service Level and Above	**18 064**	**100%**	**18 064**	**100%**	**18 064**	**100%**
* To include informal settlements							

The wording "*within/more 200m from dwellings*" be replaced with "*stand pipes*" as it is challenging to measure.

Graph 3



* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

10,000 liters of potable water supplied to indigent households per formal connection per month

Table 4

Employees: Water Services: 2015/2016 Financail year				
Job Level	Number of Employees	Number of Posts	Vacancies	% Vacancy
0-3	2	2	0	0
4-6	1	1	0	0
7-9	1	1	0	0
10-12	3	3	0	0

Employees: Water Services: 2015/2016 Financail year				
Job Level	Number of Employees	Number of Posts	Vacancies	% Vacancy
13-15	17	17	0	0
16-18	10	10	0	0
Total	34	34	0	0

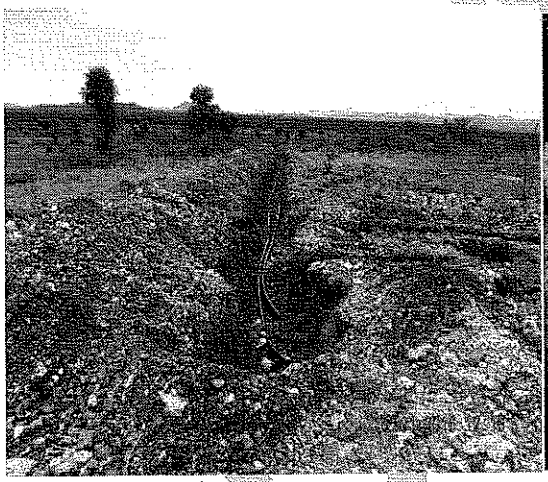
A narrative providing information on the staff critical to service delivery and shortage hereof to accompany the above table on all municipal services. Municpalities should report for employees where cost centers are allocated.

Table 5

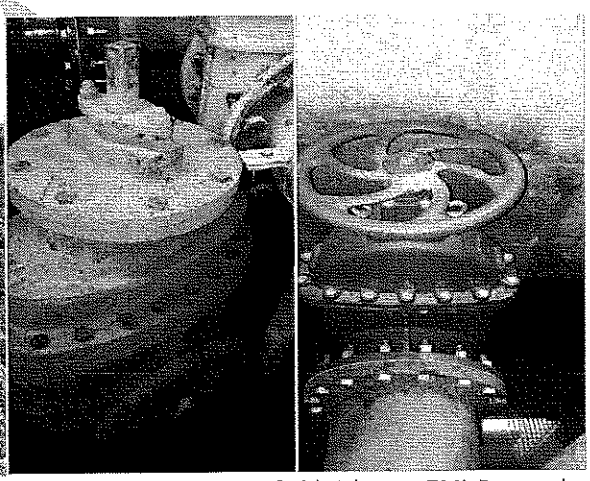
CAPITAL EXPENDITIRE 2015/2016					
WATER SERVICES					
NAME OF PROJECT	**BUDGET**	**ADJUSTMENT BUDGET**	**ACTUAL EXPENDITURE**	**VARIANCE**	**TOTAL VALUE**
Bela Bela Re-equip of boreholes	**R 800 000,00**	**R 0,00**	R 800 000,00	R 0,00	R 800 000,00
Vingerkraal Water Supply	**R 1 700 000,00**	**R 0,00**	R 1 700 000,00	R 0,00	R 1 700 000,00
Upgrading of Tsakane Water Supply	**R 2 000 000,00**	**R 0,00**	R 2 000 000,00	R 0,00	R 2 000 000,00
Pienaarsrivier Borehole development and Pump Station refurbishment	**R 900 000,00**	**R 0,00**	R 900 000,00	R 0,00	R 900 000,00

CAPITAL EXPENDITIRE 2015/2016					
WATER SERVICES					
Water Conservation and Water Demand Management	**R 2 600 000,00**	**R 0,00**	R 2 600 000,00	R 0,00	R 2 600 000,00
Upgrading of Masakhane Water Supply	**R 2 000 000,00**	**R 0,00**	R 2 000 000,00	R 0,00	R 2 000 000,00
TOTAL	**R 10 000 000,00**	**R 0,00**	**R 10 000 000,00**	**R 0,00**	**R 10 000 000,00**

Figure 2



Vingerkraal pump line.



Replacement of old Valves at 7ML Reservoir

3.2.3 COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The municipality has not performed well in the 2014/2015 blue and green drop assessments. The Blue Drop risk rating remain high in the risk category due to the borehole system posing significant health risks. However the water quality compliance was adequate (within the SANS 2410 summarized as follows:

a) Chemical Compliance 99.7%

b) Microbiological Compliance 95.3%

Positive improvements by the municipality on the Blue Drop:

(i) Improved microbiological compliance on Water Supply by Magalies

(ii) Developed & presented a WCDM Strategy coupled with a business plan

(iii) Some improvements on Blue drop risk rating for Bela- Bela Water Treatment Works (WTW).

(iv) General workplace satisfaction is adequate.

RFT

Below is the Blue Drop Assessment Summary

Table 6

Water Services Authority	Bela-Bela Local Municipality		
Water Services Provider(s)	Magalies Water , Bela-Bela LM		
2014 Municipal Blue Drop Score	43.11%		
2012 Municipal Blue Drop Score	71.21%		
2011 Municipal Blue Drop Score	71.07%		
Performance Area	Bela-Bela	Radium	Rapotokwane
Water Services Provider(s)	Magalies Water , Bela-Bela LM	Bela-Bela LM	Bela-Bela LM
Water Safety Planning (35%)	21.35	18.55	18.55
Treatment Process Management (8%)	6.00	0.00	0.00
DWQ Compliance (30%)	17.63	0.00	0.00
Management Accountability (10%)	7.75	3.30	3.30
Asset Management (14%)	9.42	6.16	6.16
Use Efficiency, Loss Management (3%)	0.27	0.27	0.27
Bonus Scores	4.79	3.15	3.75
Penalties	1.50	2.83	1.70
2014 BLUE DROP Score	65.70%	28.60%	30.33%
2012 Blue Drop Score	74.88%	38.59%	69.72%
2011 Blue Drop Score	78.67%	38.95%	48.45%
System Design Capacity (Ml/d)	24.0	N/A	N/A
Operational Capacity (% Ito Design)	37%	N/A	N/A
Average daily Consumption (l/p/d)	514	N/A	N/A
Microbiological Compliance (%)	95.3%	84.2%	80.0%
Chemical Compliance (%)	99.7%	99.9%	50.0%
Blue Drop Risk Rating (2012)	89.6%	95.3%	90.5%
Blue Drop Risk Rating (2013)	57.8%	89.7%	91.6%
Blue Drop Risk Rating (2014)	38.1%	81.5%	82.0%

The Municipality has currently submitted business plans to Department of Water & Sanitation in an attempt to implement recommendations of the Blue drop regarding Rapotokwane and Masakhane. Other recommendations are already actioned at the water works.

3.3 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

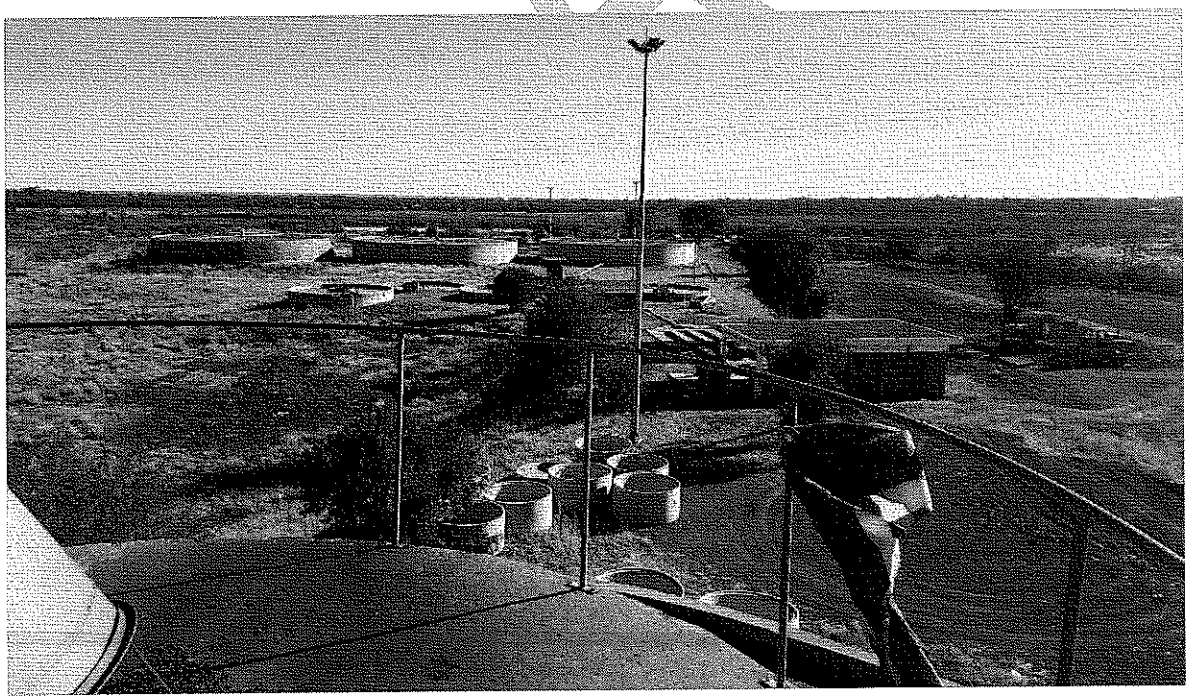
BBLM household predominantly have water borne sanitation system. The biggest challenge in this kind of technology is the continuous spillages of sewerage in the township due to limited understanding on what can and cannot be flushed down the toilet. Another challenge being that the household stormwater is connected to the sewer drains causing high flows during rainy days.

Communities that are not connected in the sewer system have dry sanitation system but mainly this is in the informal settlements and Rapotokwane village.

The municipal backlog on sanitation was 1274 households (7%) as of end of June 2016. In order to address this matter the Municipality is in a process of formalising informal settlements by either moving them to proclaimed townships and or alternatively realign their stands in anticipation of township establishment process.

The three municipal treatment plants are over capacity and need urgent refurbishment and upgrades

Figure 3



Warmbarths Waste Water Treatment Plant

The Municipality received support from Messrs Magalies Water Board in construction of 50 Ventilated Improved Pit Latrines in Tsakane. However, it should be mentioned that the area has since mushroomed and more toilets are needed.

The approved township development in Bela-Bela Ext 9 and Ext 25 (Koppewaai) will assist with sanitation backlog reduction but will be placing more strain on the Water Waste Treatment Works (WWTW).

Graph 4

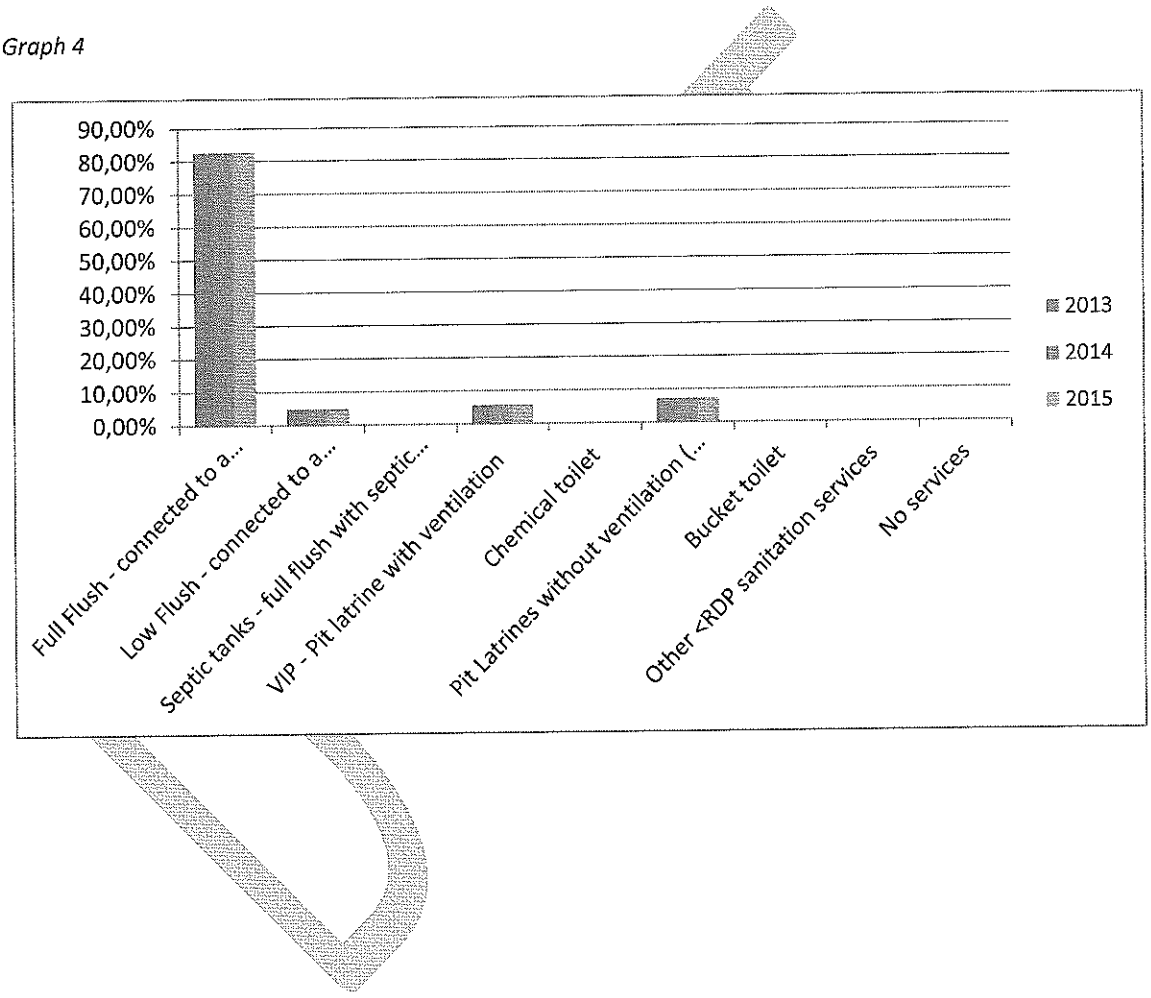


Table 7

Residential water services delivery access profile [Sanitation]

Actual service levels	2013		2014		2015	
	Actual Nr of HHs	% of total HHs	Actual Nr of HHs	% of total HHs	Actual Nr of HHs	% of total HHs
Full Flush - connected to a sewage system	14928	82.60%	14928	82.60%	14928	82.60%
Low Flush - connected to a sewage system	855	4.73%	855	4.73%	855	4.73%
Septic tanks - full flush with septic tank	20	0.01%	20	0.01%	20	0.01%
VIP - Pit latrine with ventilation	862	5.47%	962	5.69%	987	5.69%
Chemical toilet	0	0	0	0	0	0
Pit Latrines without ventilation (Backlog)	1399	7.19%	1299	7.13%	1274	7.00%
Bucket toilet	0	0	0	0	0	0
Other <RDP sanitation services	0	0	0	0	0	0
No services	0	0	0	0	0	0
Total	**18064**	**100**	**18064**	**100**	**18064**	**100**

Sanitation Capital Project

Table 8

Service objective		Project/ Initiative	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent
1. i	Improved access to Sanitation	Bela Bela: Bulk Sewer Infrastructure X9	MIG	4 145 545	0.00	4 145 545

Table 9

Employees: Sanitation Services: 2015/2016 Financail year				
Job Level	Number of Employees	Number of Posts	Vacancies	% Vacancy
0-3	2	2	0	0,00%
4-6	2	2	1	50,00%
7-9	1	2	1	50,00%
10-12	1	1	0	0,00%
13-15	25	25	0	0,00%
16-18	9	12	3	25,00%
Total	40	44	4	9,09%

3.3.1 COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Table 10

The 2014 Green drop Assessment produced reports per system as presented in the Table below:

Technology Description		Piemaarsrivier	Radium	Warmbaths
Technology(Liquid)		Anaerobic ponds/ Facultative ponds	Rotating biological contractors and Evaporation ponds (no effluent)	Biological filters and Evaporation ponds (no effluent)
Technology (Sludge)		Sludge lagoon/ pond	Sludge lagoon/pond	Not specified
Key Risk Areas				
A	ADWF Design Capacity (Ml/d)	2	1	5
B	Operational Flow (% of Design Capacity)	151% (Nl)	151% (Nl)	96% (Nl)
C	Annual Average Effluent Quality Compliance (2012- 2013			
	1) Microbiological Compliance (%)			
	2) Physical Compliance (%)			100.0%
	3) Chemical Compliance (%)			
D	Technical skills (Reg 813)	Yes	No	Yes
2014 Wastewater Risk Rating (%CRR/CRR max)		**82.4%**		**52.9%**
2013 Wastewater Risk Rating (%CRR/CRRmax)		88.2%	64.7%	76.5%
Risk Abatement Planning				
Highest Risk Areas based on the CRR		Effluent compliance, flow	Effluent compliance, flow measurement and technical skills	Microbial and chemical compliance

	measurement		
WW Risk Areas based on the CRR	None	None	None
Capital & Refurbishment expenditure for Fin Year 2012-2013 (Rand)	Nl	Nl	Nl
Description of Projects Expenditure 2012-2013	Nl	Nl	Nl

It is further highlighted that the Warmbaths Waste Water Treatment Works (WWTW) design capacity has exceeded with no budget allocation to upgrade the plant. In order to address the above mentioned challenges the Municipality is currently in a process of applying for funds to upgrade all three WWTW.

DRAFT

3.4 ELECTRICITY

3.4.1 INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

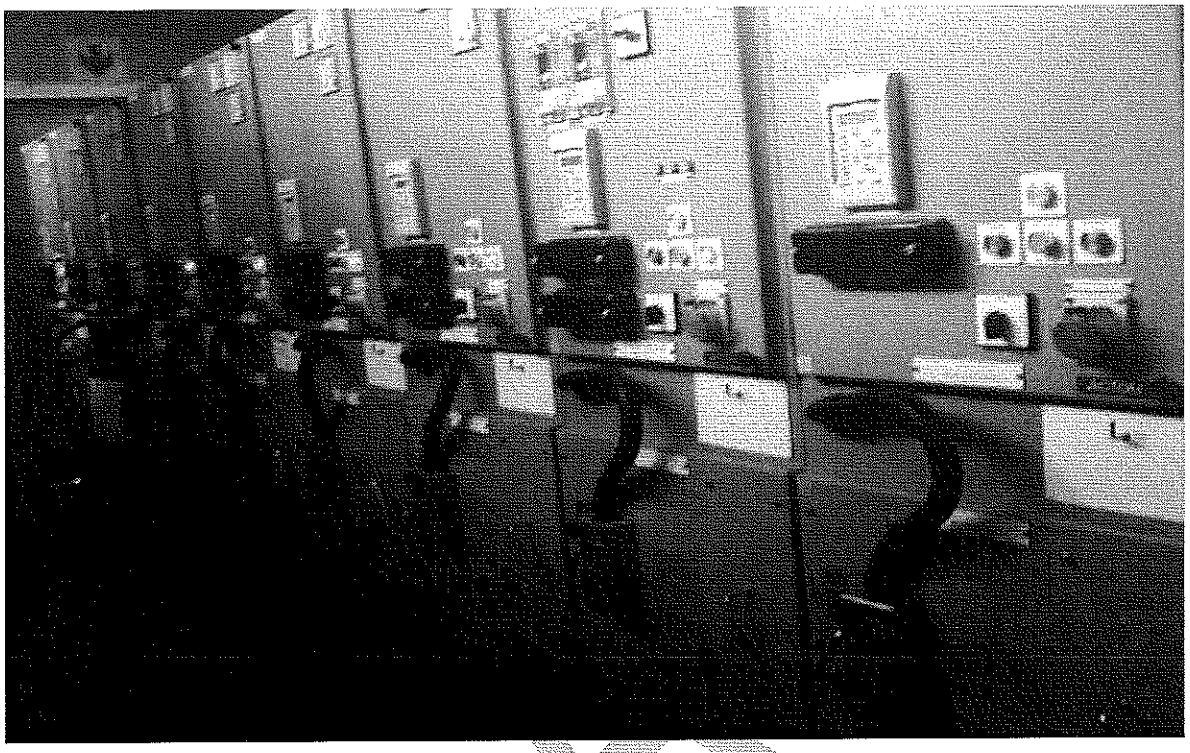
There are two electricity providers in the Bela-Bela municipal area, namely the Bela- Bela Local Municipality and Eskom. The access to electricity is recorded at 14504 households with a backlog of 3 564 households. These backlog is found in areas that are predominately informal.

Bela-Bela Local Municipality supplies areas such as Bela-Bela Town, Bela-Bela Township, Spa Park, Jinnah Park, Feur n Villa, Eu Montagne, Golfbaanpark as well as outer plot areas like Bospoort and Noodhulp / Roodepoort.

Eskom supplies the remaining areas, smaller towns/nodal points and the rural areas of Bela-Bela Local Municipality viz Radium/ Masakhane, Rapotokwane, Settlers, Pienaarsriver and farms areas.

Bela-Bela Municipality has one main supply substation namely, Bela-Bela main substation located within town at Industrial Str. Next to the main substation, is the Eskom yard with 2 x 20MVA transformers which supply the substation via 2 x 11kV feeder cables of +/-160 m (each feeder consist of 2x 300mm2 cables). Eskom is only responsible for supply into the main substation (i.e. 2 x 20MVA supply transformers). The reported Notified Maximum Demand was at 17.87 MVA. Current usage throughout the year varies between 14 MVA and 17 MVA, with the higher peak in the winter months.

Figure 4



Bela-Bela Sub Station

Graph 5

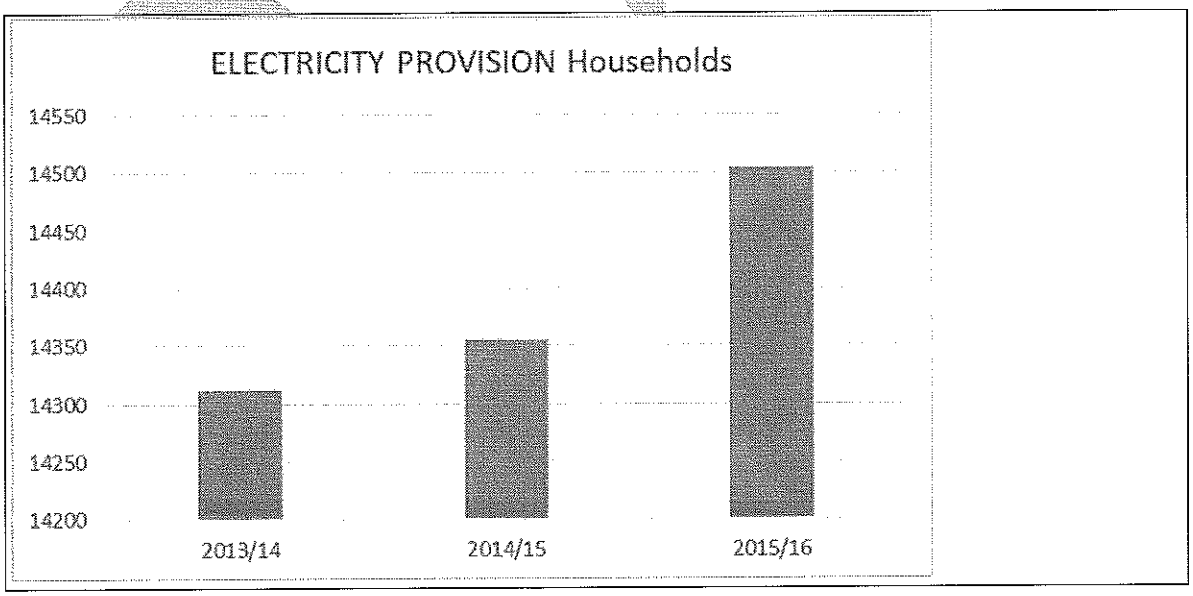


Table 11

Electricity Service Delivery Levels	
Description	**2015/16 H/H #**
Energy : (above minimum level)	599
Electricity (at least min.service level)	7324
Electricity- prepaid (min. service level)	6581
Minimum service level and above sub total	**14504**
Below minimum level	
Other Sources	3564

Graph 6

Below is a percentage breakdown of capacity allocations by consumer class.

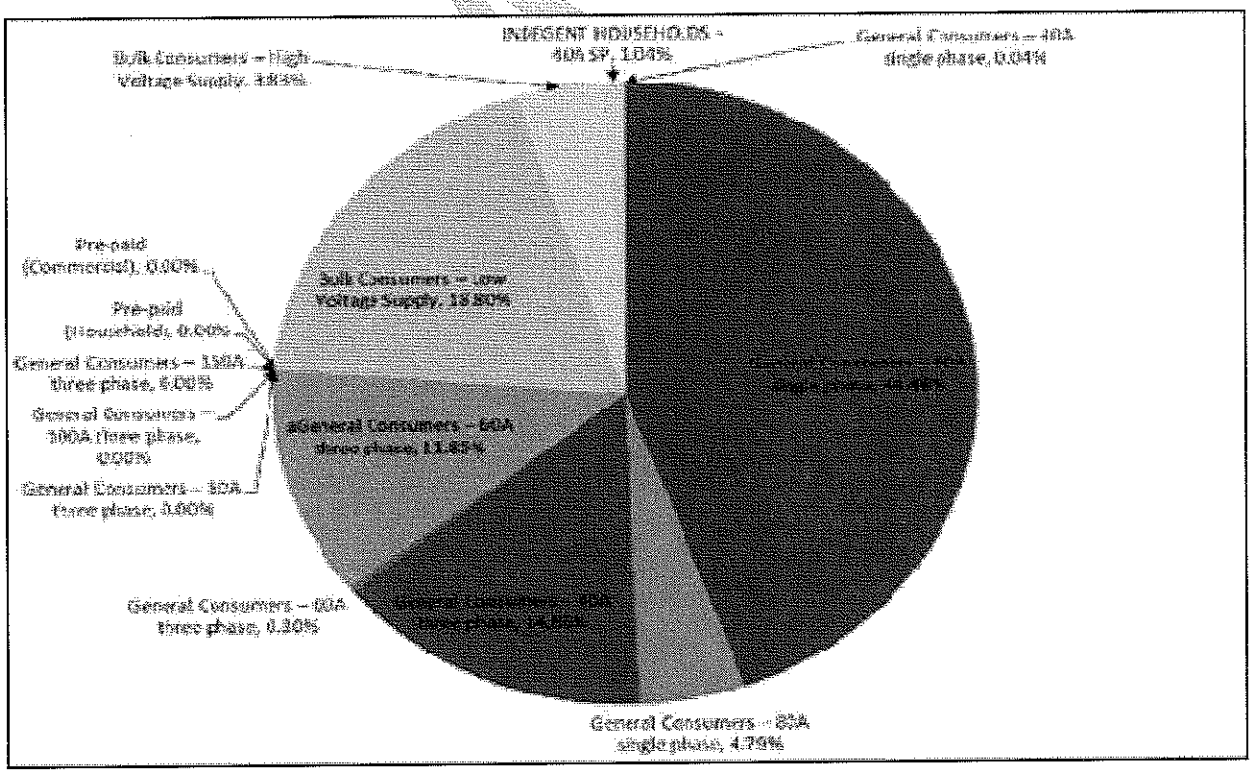


Table 12

Capital Electrification Programme

Service Objectives	Project Name	2015/2016 Budget	2015/2016 targets	2016/2017 Budget	2017/2018 Budget
Electricity	Integrated Electrification Programme (Build 10MVA Sub-Station)	2 000 000	Designs and EIA	28 000 000	30 000 000
Electricity	Electrical Asset	500 000	Procure 1 Mini Sub-station and 2 Electrical Transformers	0.00	0.00

Table 13

Employees : Electricity Services 2015/2016 Financial Year				
Job level	Number of Employees	Number of Posts	Number of Vacancies	%Vacancy
0-3	1	2	1	50%
4-6	7	7	0	0.00%
7-9	1	3	2	66.67%
10-12	3	4	1	25%
13-15	19	21	3	14.29%
Total	31	37	6	16.22%

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Based on the 2015/2016 financial year electrical losses calculations, various reasons could be observed as the average electrical losses was 8 % exclusive of technical electrical losses which is anticipated to be 10%. The 3 % reduction realised during the first, second and third quarters of the current financial year (2015/2016) is maintained from the 2014/2015 electrical losses benchmarking of 11% (excluding technical electrical losses

which is assumed to be 10%) and such improvements is as a results of robust interventions made by the Electrical Division together with revenue division.

Interventions includes:

a) Continuous audits on the large power users.

b) Continuous of the audits on the streetlights and municipal buildings energy meters.

c) Continuation of the audits in the plots around the BBLM.

d) Replacement of identified faulty electrical energy meters.

Some of the emanating challenges reported by the staff are symptomatic to aged cables.

These are:

a) Inefficient sections of cable that can no longer carry the rated load

b) Cables that are prone to faults

c) Repeated faulting on the same length of cable

d) Cable breakdown i.e. cables that will operate for a long time and then instantly fail. With no gradual deterioration experienced.

All of the substation buildings structures require work to address leaks, ventilation, and security. With the exception of the main substation, all substations require major upgrade to MV switchgear panels (with busbars), breakers including protection, control and instrumentation.

The following matters relates to the electrical losses versus revenue:

a) The average bulk purchases (Eskom account) is R 6 404 531

b) During the high season period (June, July and August), the average bulk purchases and revenue collection increases to R 8 181 649 and R 9 206 571 respectively.

c) The average electrical losses (in KWh) and the value of the losses (in Rands) is 1 345 418 KWh and R 1 674 598 respectively per month. Taking away the technical losses, the consumption and value of losses is still significant.

PROGRAMMES TO BE IMPLEMENTED DURING 2016/2017

a) Reduced the Free Basic Electricity (FBE) issued to the indigents from 100 kWh to 70 kWh. BBLM is using the staggering approach to reduce the FBE to 50 kWh and will implement the next reduction once the resolution has been reached.

b) Downgrading of prepaid meters to 20 Amps to all the indigents as well as all RDP houses and informal dwellings (Shacks).

c) Replacement of old medium voltage cables i.e. From Brandweer switching station to Van Staden miniature substation and Municipal switching station to KFC miniature substation.

d) Refurbishment and maintenance of identified 23 miniature substations around Bela Bela town.

e) Developed the Energy Efficiency and Demand Side Management plan for BBLM and submitted the application to DoE in seeking funding.

f) Construction of a 10 MVA substation to assist backlog eradication as well as to accommodate any future developments around Bela Bela area.

3.5 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

3.5. 1 INTRODUCTION TO WASTE MANAGEMENT

Section 24 (Chapter 2) of the Constitution indicates that everyone has the right to have an environment that is not harmful to his or her health and to have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that:

a) prevent pollution and ecological degradation;

b) promote conservation; and

c) Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Based on the Constitution National Environmental Management Act (NEMA) 107 of 1998 came to effect with the objective to:

a) protect health, wellbeing and the environment by providing reasonable measures for-

I. Minimising the consumption of natural resources.

II. Avoiding and minimising the generation of waste

III. Reducing, reusing, recycling and recovering waste.

IV. Treating and safely disposing of waste as a last resort.

V. Preventing pollution and ecological degradation.

VI. Securing ecologically sustainable development while promoting justifiable economic and social development.

VII. Promoting and ensuring the effective delivery of waste services.

VIII. Remediating land where contamination presents or may present a significant risk of harm to health or the environment and

IX. Achieving integrated waste management reporting and planning.

b) To ensure that people are aware of the impact of waste on their health, well- being and the environment.

c) To provide for compliance with the measures set out.

d) Generally to give effect to section 24 of the constitution in order to secure an environment that is not harmful to health and well-being.

The Municipality has an approved Integrated Waste Management Plan (IWMP) which has an optimum approach to waste management planning in terms of the resources allocation, time scheduling achievable targets and allocation of responsibilities.

The overall objective of this IWMP is to reduce the generation of waste and the environmental impact of all forms of waste, thereby ensuring sound socio-economic development, a healthy population and that the quality of environmental resources are no longer adversely affected by uncontrolled and uncoordinated waste management. The internationally accepted waste hierarchy approach for waste avoidance/reduction, reuse, recovery, treatment and disposal is adopted in the strategy.

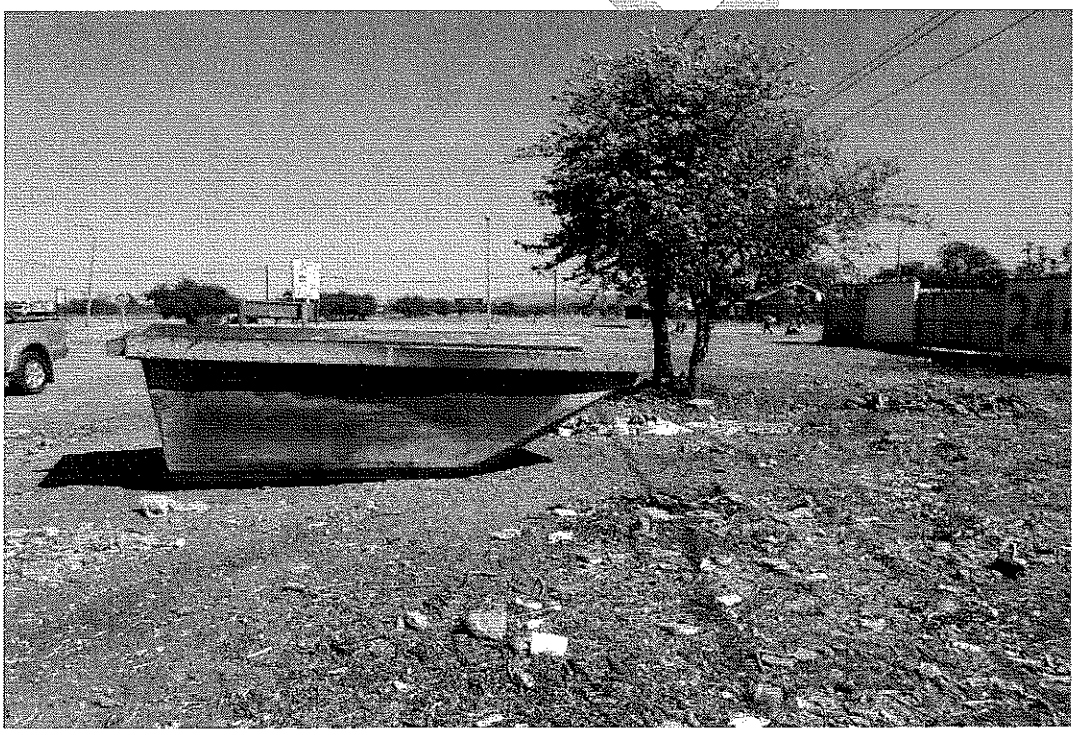
3.5 .1 Achievements:

3.5.1.1 Waste and or Refuse Removal

In order to comply with the requirements of Section 24 of the 1996 Constitution of Republic of South Africa, (NEMA) 107 of 1998 and Bela-Bela Local Municipality approved Integrated Waste Management Plan, which highlighted all the pivotal areas where the Municipality is responsible for Waste Management. During the 2015/2016 financial year the Municipality collected waste from all formal settlements once per week per household which was at (Bela-Bela Town, Bela-Bela Township, Pienaarsrivier and Masakhane). The collection of waste was also done twice per week in business areas. Furthermore, it should be noted that apart from the collection of waste in the formalised areas, the Municipality could not ignore the informal settlements. The collection of waste was further extended to informal settlements by means of emptying of Mass Refuse Containers placed in different areas of the informal settlements. The Waste collection service in informal settlements covered Zuma, Koppewaai and Ext 9.

Figure 5 Kerbside Collection by Compactor Truck

Figure 6 Mass Refuse Containers at Illegal Dump Side.



3.5.1.2 Street Cleaning

As part of Waste Management in the Bela-Bela municipal jurisdiction, the Municipality embarked on daily street cleaning programme. There are number of employees who were assigned to cleaning of the streets on daily basis and public holidays excluding Sundays.

Figure 7 Street Cleaning

Figure 8 -Social & Community Services Awareness Campaign

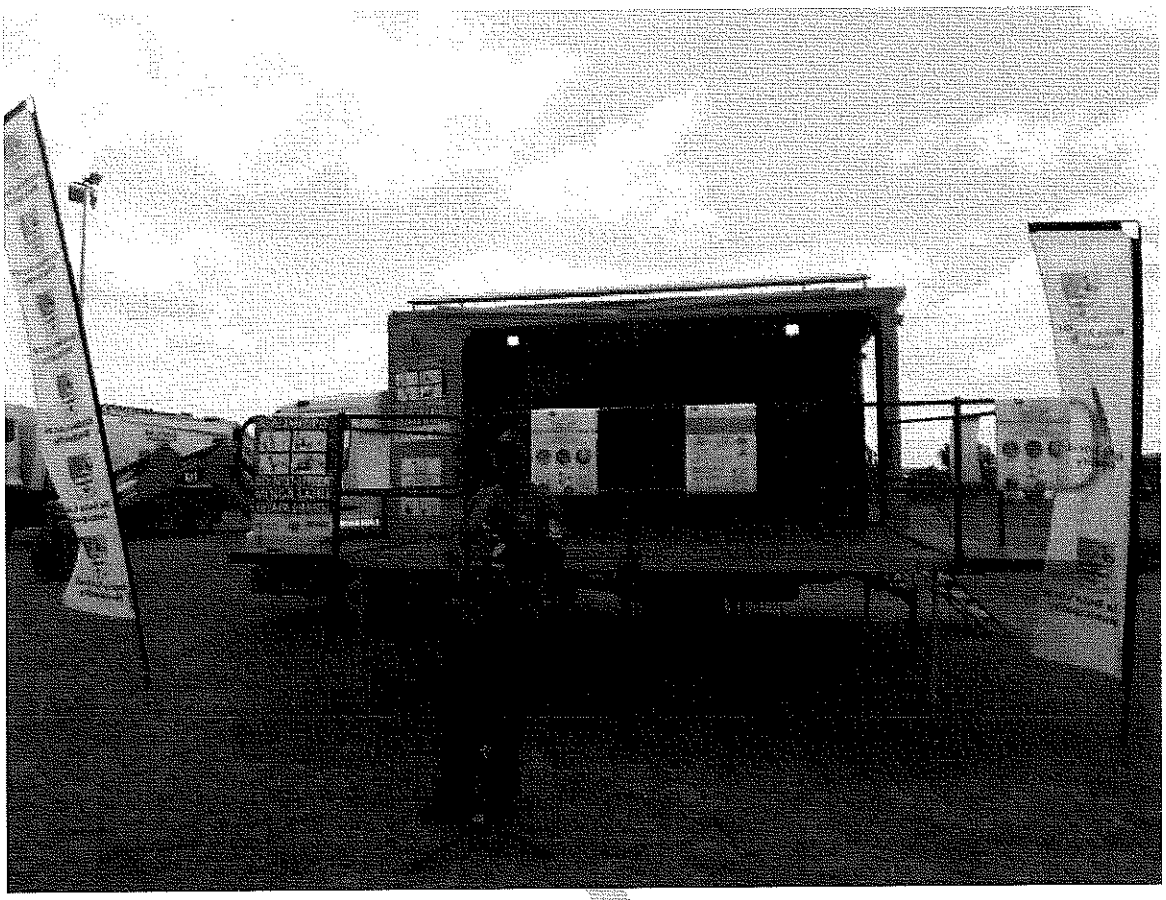
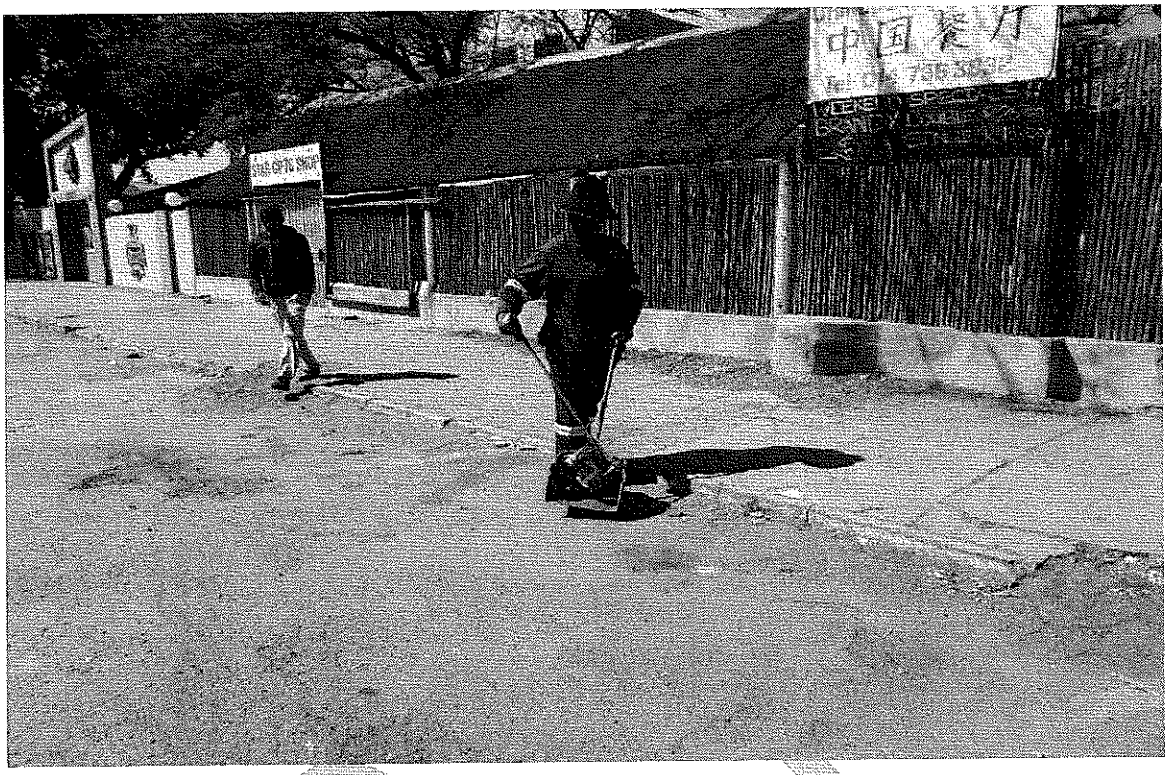


Figure 9 Street Cleaning



3.5.1.3 Illegal Dumping

Due to the mushrooming of informal settlements in the municipal area, the municipality is faced with the challenge of illegal dumping in some areas. In order for the municipality to comply with the provisions of Section 24 of the Constitution of RSA the municipality cleared the illegal dumping areas bi-weekly.

Figure 10 Illegal Dumping Area

3.5.1.4 Waste Complaints Management

With regard to waste management complaints the municipality had developed a complaints management register. The municipality registered all complaints received from community members and other stakeholders as well as al complaints identified by municipal officials. All complaints reported in either way were attended to within 48 hours upon receipt.

3.5.1.5 Waste Management Initiatives

In cognisance of the challenges of high rate of unemployment, the municipality initiated waste management initiatives whereby 1x Waste recycling Co-operative namely Dynamic Waste Removal Co-operative was established.

3.5.1.6 Youth Job in Waste Management

The Youth Jobs in Waste Programme is the result of a study that DEA undertook in 2007, which assessed the status of waste services delivery, as well as capacity at local government level. The study presented an account of the backlog with regards to solid waste service delivery in all

municipalities in the country. In order to address this backlog, and create capacity within municipalities in order to lessen the burden with regards to the provision of waste services, the department developed this initiative. It was also developed in recognition of the fact that the waste sector is now, more than ever, ready for major investment in both infrastructure development as well as capacity building programmes to create decent jobs and fuel the green economy.

In the financial year (2014/2015) the municipality in partnership with the Department of Environmental Affairs (DEA) rolled out the Youth Jobs in Waste Management Programme which was subsequently extended for two months (July- August 2015) for the financial year 2015/2016 aimed at jobs creation for Youth whereby 16 youth were employed, further to assist municipalities to strengthen awareness campaigns in best waste management practises, landfill and waste collection management. The municipality with DEA embarked on the awareness campaigns at schools, government institutions, businesses and communities. The (seven 7) awareness campaigns held were aimed at advising on the best waste management practices such as Reduce, Reuse and Recycle (3RS). Hence the establishment of Dynamic Waste Removal cooperative and the donation of the Recycling bins to the Bosele Droping Centre and Department of Education in the Bela-Bela.

Figure 11 Awareness Campaign Community- ward 2

Figure 12 Recycling Bins Donated to BOSELE DROPPING CENTRE

Figure 13 Awareness Campaign Recycling Initiative: Education about Separation of Waste at Source

3.5.1.6 Challenges

The Municipality is experiencing an increase in the number of illegal dumping areas. There is also a shortage of mass refuse containers to be used at illegal dumps and for rental to businesses and to the community.

The Municipality has only one (1) landfill site which has the lifespan of 6 years remaining, furthermore, the landfill site is not accessible during rainy days due to the gravel and muddy road which resulting into private persons dumping the waste on the road side instead of inside the landfill. With regard to waste collection it should be noted that most households are using 85l waste bins which are not able to handle the amount of waste generated.

Due to the new demarcation of boundaries conducted during 2005/2006 Rapotokwane was transferred from Mpumalanga province to Limpopo Province within Bela-Bela municipal jurisdiction. Rapotokwane is a rural area situated about 80km from the Bela-Bela landfill site and is currently not serviced in terms of waste management.

Absence of a recycling infrastructure which will enable separation of waste at source and diversion of waste streams to material recovery and buy back facilities.

A growing population and economy, which means increased volumes of waste generated. This puts pressure on waste management facilities, which are already in short supply.

Table 13

Solid Waste Service Delivery Levels				Households
Description	Year -3 Actual	Year -2 Actual No.	Year -1 Actual	Year Actual No.
Solid Waste Removal: **(Minimum**				
Removed at least once a week	14805	15000	16000	16000
Minimum Service Level and	14805	15000	16000	16000
Minimum Service Level and Above	100%	100%	100%	100%
Solid Waste Removal: **(Below**				
Removed less frequently than once	0	0	0	0
Using communal refuse dump	0	0	0	0
Using own refuse dump	0	0	0	0
Other rubbish disposal	0	0	0	0
No rubbish disposal	0	0	0	0
Below Minimum Service	14805	15000	16000	16000
Below Minimum Service Level	0%	0%	0%	0%
Total number of households	14805	15000	16000	16000

Table 14

Households - Solid Waste Service Delivery Levels below the minimum						Households
	2012/13	2013/14	2014/15	2015/2016		
Description	Actual	Actual	Actual	Original Budge	Adjusted Budge	Actual
Formal Settlements						
Total households	0	0	0	0	0	0
Households below minimum service						
Proportion of households below minimum	%	%	%	%	%	%
Informal Settlements						

DRAFT

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

3.6.1 INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Bela-Bela Local Municipality has approved Indigent support policy where consumers who earn R2500 and below qualify to receive free / subsidised basic services. These services include 10kl of water, 100KWH of electricity, free weekly waste collection, free sanitation services and 100% subsidy on property rates. An indigent register has been developed and it is being used as a guide of the number of household provided with the above mentioned free basic services. According to the statistics in the register Bela-Bela local municipality provide 3985 houses with free basic services during 2015/2016 financial year.

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Bela- Bela Local Municipality is responsible for routine road maintenance, upgrade and rehabilitation. The roads in the municipal jurisdiction is in an appalling state. It is against this backdrop that the Technical Services Department conducted a Road Visual Assessment in order to obtain much details on work to be done over various streets. Details are in Visual Roads Assessment Report with Council Resolution number MC141/03/2016.

However, it must be emphasised that the routine road maintenance as well as refurbishment and upgrade of roads requires more funds.

3.7 ROADS

3.7.1 INTRODUCTION TO ROADS

Council approved the standard Road Specification in October 2015, these Standards provide guidance on design, and specification of roads for construction as well as guidance on Routine Roads Maintenance.

The state of the local access roads (internal roads) that require attention of the Municipality due to poor condition can be highlighted as follows:-

Table 15

Ward	Crack sealing, Slurry seal, Rejuvenation	Re- seal	Dilute Emulsion	Rehabilitation	Upgrade to pave
1	R9 690 000	R44 600 000	R1900 000	R19 500 000	R2400 000
2				R6 650 000	R2112 000
3				R600 000	R11 400 000
4					R23 350 000
5					R1706 000
6				R1 350 000	R17 250 000
7				R1000 000	R19 400 000

Ward	Crack sealing, Slurry seal, Rejuvenation	Re- seal	Dilute Emulsion	Rehabilitation	Upgrade to pave
8				R400 000	R29 950 000
9				R100 000	R14 100 000
Sub-Total	**R 9 690 000**	**R44 600 000**	**R1900 000**	**R29 600 000**	**R121 668 000**
Total	**R207 458 000**				

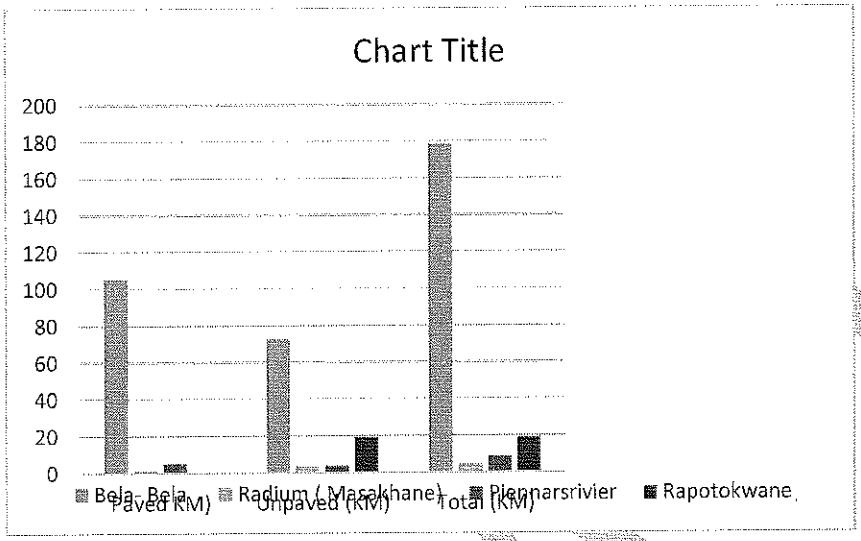
Table 16

Bela- Bela Local Municipality currently have records of roads as follows:

Settlements	Length of Roads/Street		Total
	Paved	Unpaved	
Bela- Bela Town Bela- Bela Township	105.6km	72.6km	178.2km
Radium (Masakhane)	1.03km	3.27km	4.3km
Piennarsrivier	5.1km	3.7km	8.8km
Rapotokwane	0	19km	19km
Total	111.73km	98.57km	210.3km

Below is a bar chart representing table 16 above.

Graph 7



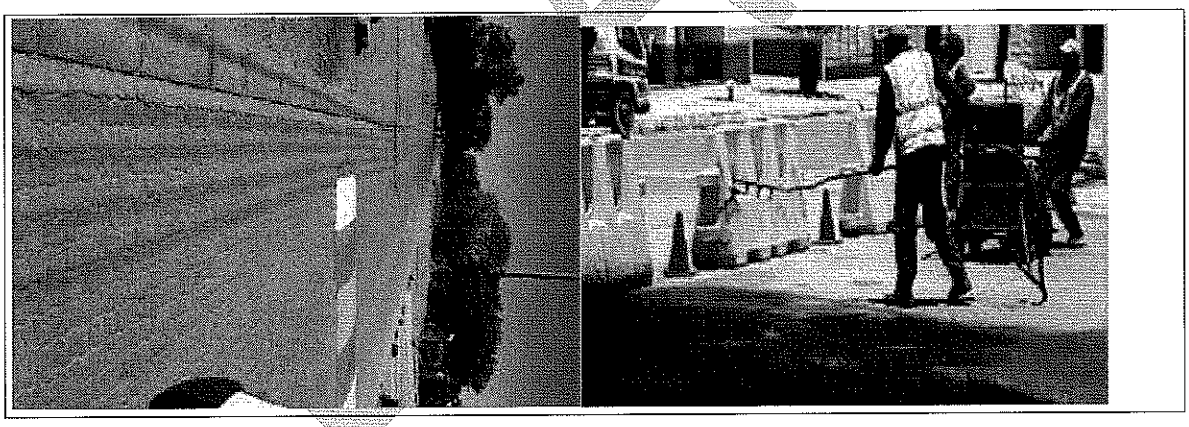
The municipality upgraded the following roads in the CBD and resurfaced with asphalt:

Table 17

PHASE ONE		PHASE TWO
Street Name	**Length**	**Length**
Ritchie	232m	0
Sutter	226m	205m
Marx	243m	0
Pretoria	232m	0
Potgieter	892m	0
Crockery	0	134m
Chris Hani (four lanes)	0	1120m

Figure 14

Routine Road maintenance was done as follows:

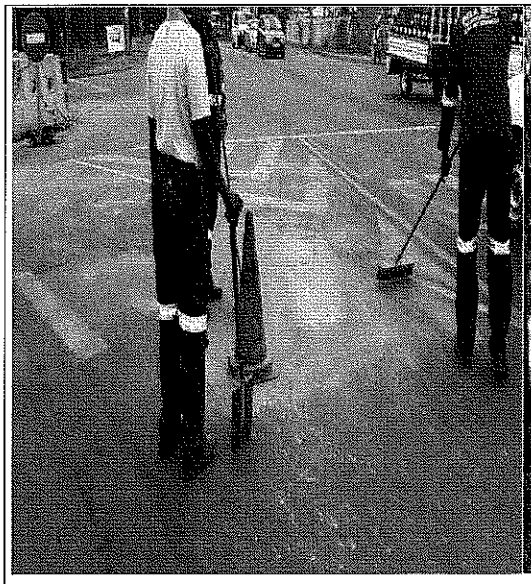


Cleaning of roads | Repair of potholes

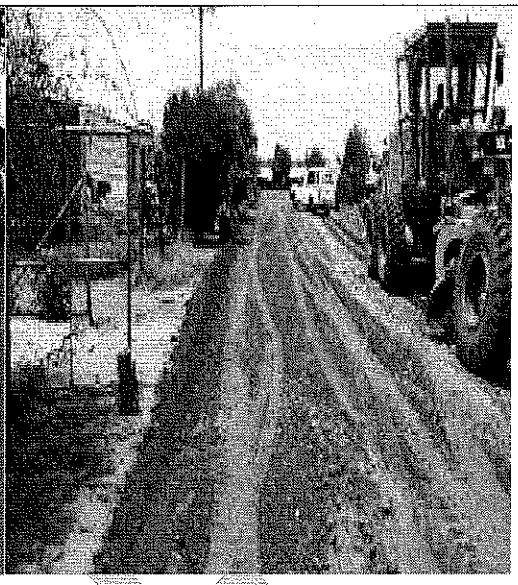
Table 18

Institutional Indicator	Work done
Km of roads regravelled	7,68km
Km of roads graded	90,8km
Km of storm water channels cleaned	25,5km
m^2 of pavement repaired	1996m^2
M of kerbing replaced	2758m
storm water repaired	125m
#Catch inlets cleaned	154

Figure 15



Routine road maintenance



Grading of streets

The municipality further registered projects for funding by MIG and appointed service providers for professional and construction work. Refer to table 19 below.

Table 19

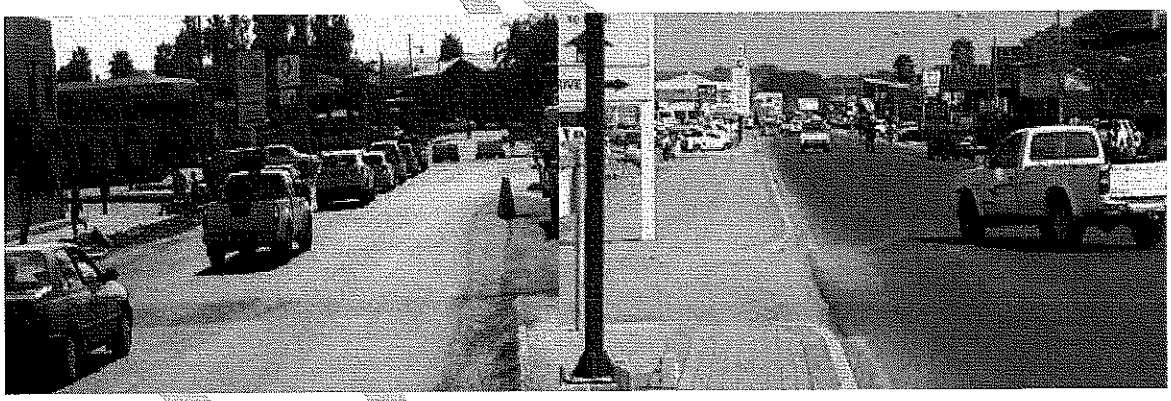
No	Project Name	Budget Allocated	Locality
1.	Stormwater Limpopo street	R4 811 078.00	Bela Bela X6
2.	Road paving X2,7,8	R1 215 180.00	Bela Bela X2,7 & 8

Table 20

Employees: Roads Services and Storm water				
	2015/2016			
Job Level	Employees #	Posts #	Vacancies#	% Vacancy
0-3	2	2	0	0,00%
4-6	1	1	0	0,00%
7-9	0	2	2	100,00%
10-12	8	12	4	33,33%
13-15	21	35	14	40,00%
Total	32	52	20	38,46%

3.7.2 COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Figure 16



3. 7. 3 Upgraded roads in the CBD

The division of roads and storm water performed very well in its operational maintenance targets sets from the Service Delivery and Budget Implementation Plan. Identified potholes were patched as per the maintenance plan and also when required, open storm water channels cleaned and unblocked, damaged pavement repaired, paved roads cleaned and gravel roads were bladed.

It is evident from the Roads Visual Pavement Assessment that the municipality requires more funds to address roads challenges. Currently the municipality has registered projects to pave the streets and is full at work with the routine road maintenance.

3.8 WASTE WATER (STORMWATER DRAINAGE)

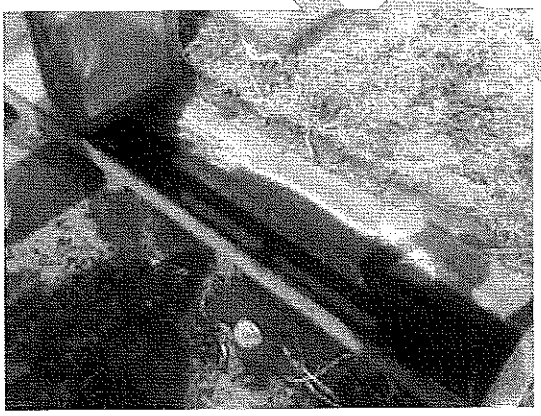
3.8.1 INTRODUCTION TO STORMWATER DRAINAGE

The Storm water infrastructure is distributed throughout the jurisdiction of Bela-Bela Local Municipality and forms the backbone of the stormwater network. Amongst others are Bridges and Guardrails, while others are more subdued such as borrow pits, storm water facilities and ditches. There is also infrastructure underground including inlets and pipes. Each plays an important role to Bela-Belas' stormwater network. Below is the stormwater assets in the municipality.

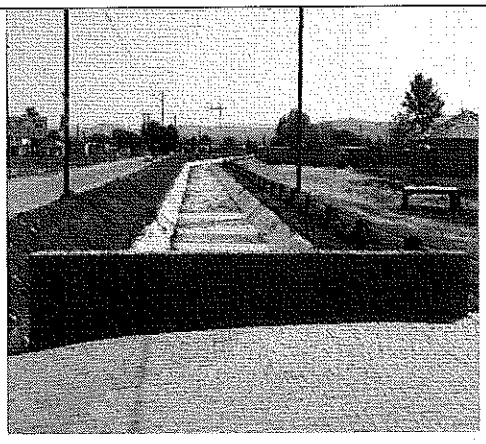
Table 21

DESCRIPTION	DISTANCE/ QTY
Guardrails	15.6 KM
Underground pipes	62 KM
Catch Inlets (number)	154

Figure 17



Cleaning of stormwater catch inlet street



Stormwater channel in Limpopo

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

In terms of storm water drainage, there are four parts of Bela-Bela Township which were developed without sufficient infrastructure for stormwater drainage and this prone these areas to the excessive water surface run – off or even flooding during the heavy rains.

These areas are Bela-Bela Township Extension 2 ("Leseding"), 5 (Mandela Village), 6 and 7. These areas accommodate approximately 23% [3 343HH (i.e. Ext. 2 = 836HH, Ext. 5 = 1098HH, Ext. 6 = 1084HH and Ext. 7 = 325HH)] of the total population within Bela-Bela.

The Municipality should also ensure that the future settlements (i.e. Bela-Bela Extension 9) are well provided with sufficient stormwater infrastructure at the early stages to avoid future backlogs occurrence.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

INTRODUCTION TO PLANNING

Planning in South Africa operates within the Legal Framework, which strives to ensure that municipalities deliver their developmentally-oriented planning objectives as embraced under Sections 152 and 153 of the Constitution of South Africa. Bela-Bela Local Municipality, through the Planning and Economic Development Department is the custodian of land development and land use; and this is guided by planning policies including the Spatial Development Framework (SDF) and Land Use Management Scheme (LUMS).

a. Ongoing revision, implementation, monitoring, and evaluation of the SDF informed by current realities and policy frameworks
b. Monitor implementation of the LUMS, capture current and future development
c. Development of the Land Use and other By-Laws as well as other policy guidelines to enforce the implementation of the LUMS
d. Coordinated building control activity. (Building plans, and Certificate of Occupancies, implementation of National Building Regulations Act 103 of 1977)

e. Coordinated/administered land development applications (township establishment, rezoning, consent uses, subdivision and consolidation and any developmental application).

Table 22

Applications for Land Use Development						
Detail	Formalisation of Township		Rezoning		Built Environment	
	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016
Planning Applications Received	1	0	12	2	48	40
Determination made in a year of recipient	1	0	10	2	46	40
Determination made in the following year	1	0	8	4	0	5
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at a year end	1	0	4		0	0

Table 23

Building Plans Applications		
Number of Building Plans received 2015/2016	Number of Building plans approved 2015/2016	Number of Building plans not approved 2015/2016
143	136	7

Table 24

Employees services in Town Planning Division					
	2014/2015			2015/2016	
Job Level	Employees Number	Post Number	Employees Number	Vacancies(Fulltime equivalents	Vacancies(as %of total post) %
0-3	1	0	1	0	0%
4-6	1	3	2	3	
7-9	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total	2	3	3	3	

3.9.2 COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

Municipality has the approved Spatial Development Framework and Land Use Management Scheme which is currently implemented, however, there are few challenges which were experienced during the implementation. Enforcement of LUMS is one of the challenges that Municipality face, as the result the illegal land uses is experienced within municipality area. In order to educate communities about the negative impact of the illegal land use that affects municipal planning for provision of basic services, the Municipality conducted number of awareness campaigns regarding the compliance with Land Use Management to reduce the illegal land uses and ensuring proper planning for provision of basic services. Other major challenge identified in town planning was shortage of land for human settlement which resulted in increasing number of informal settlements. The Municipality has requested the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA) through Housing Development Agency (HDA) to purchase the land for the Municipality to develop for human settlement with the aim of reducing the number of the informal settlements within the Municipality area.

3. 9 .2 1 Spa Park (koppewaai)

The informal settlement is located at Erven 1491 & 1492. Erven 1491 is registered under the ownership of Housing Development Agency (HAD), whereas Erf 1492 is registered under SBN Family Trust. The Map below illustrate the location of the informal Settlement:

Figure 18 Spa Park Informal Settlement

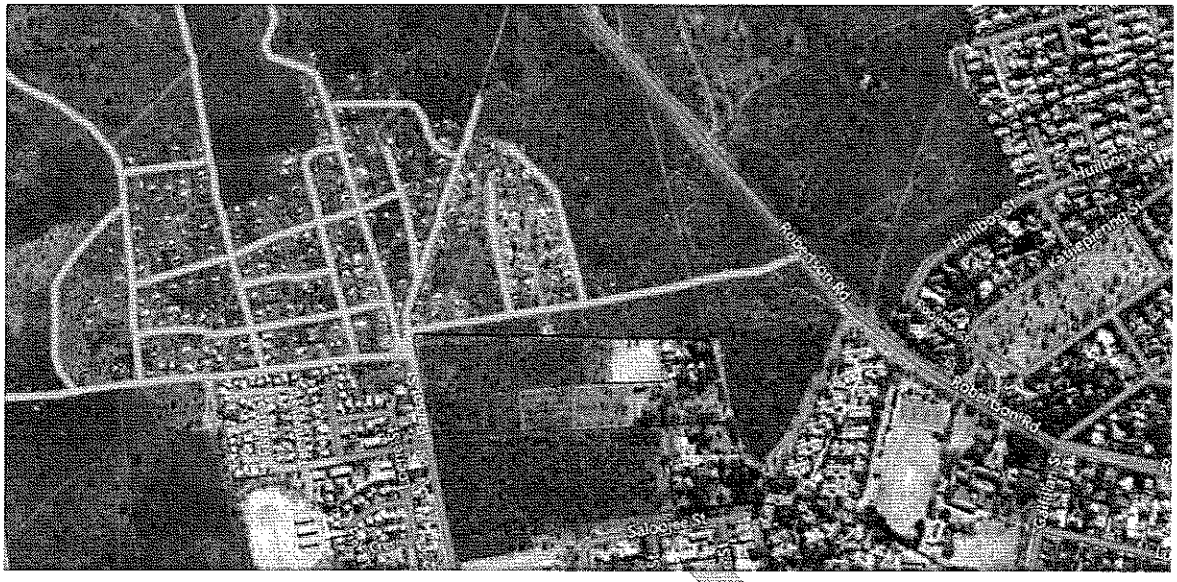


Figure 19 -Tsakane Informal Settlement

The informal settlement is located at portion 52 of the farm Tweefontein which is registered under Bosvel Distrikraad. The Map below illustrate the location of the settlement:

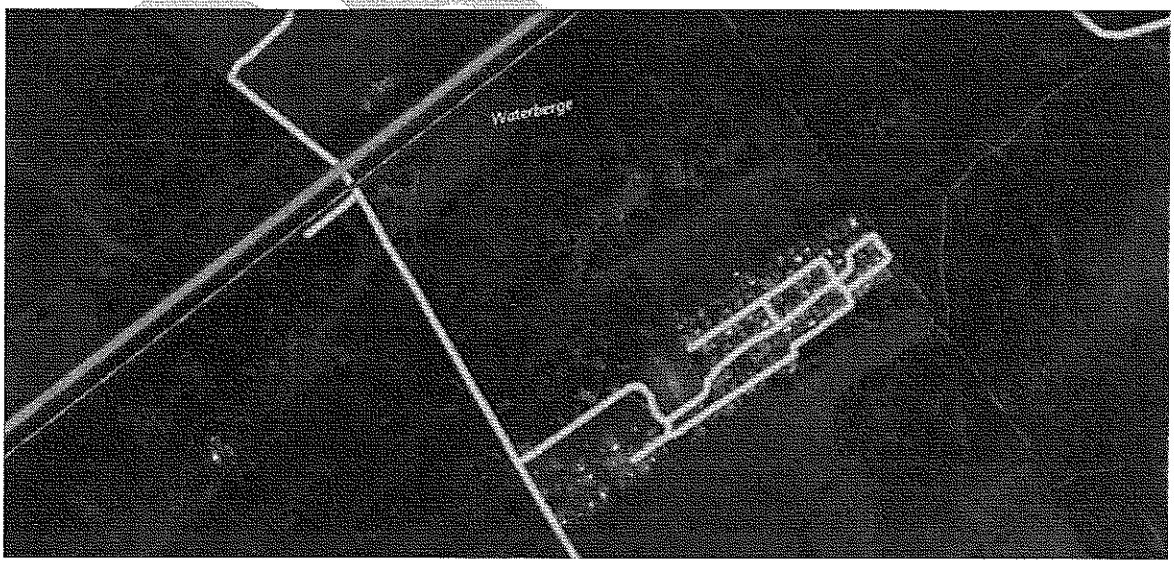


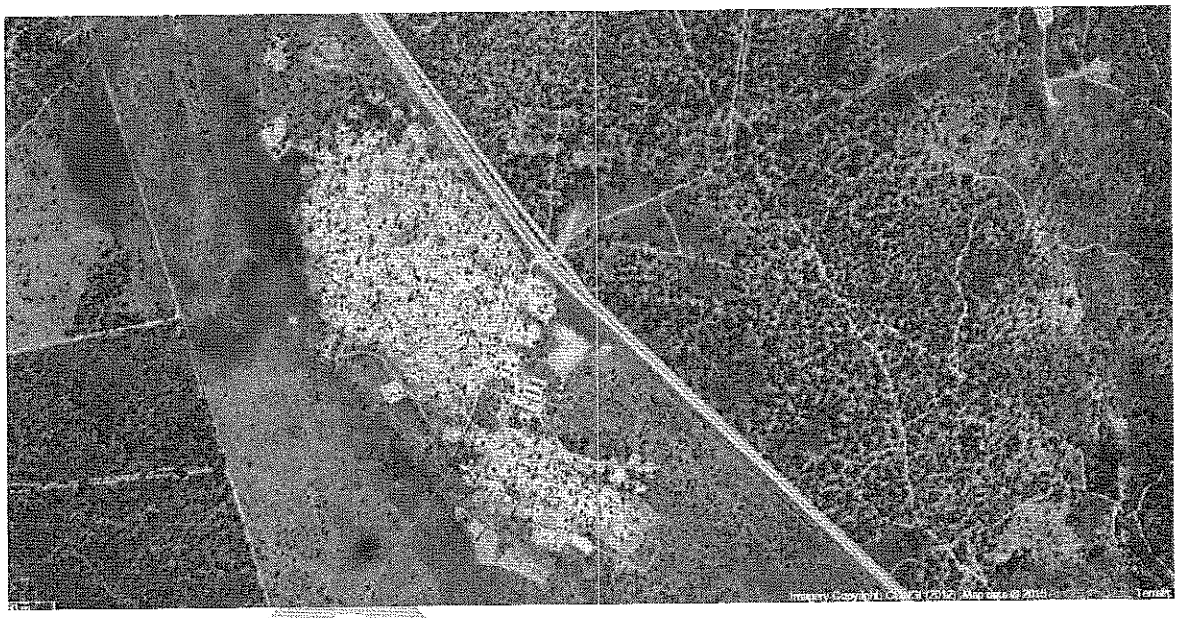
Figure 20 Zuma Informal Settlement

The informal settlement is located with Bela-Bela Township, See below Map

Figure 21 Hlala-Mpwa Settlement
The informal Settlement is located within the Bela-Bela Township, see below Map

Figure 22 -Vingerkraal Informal Settlement

The settlement is located on portion 05 of the Farm Vingerkraal 472-KQ the settlement is outside the Urban edge.



3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVLOPMENT

Bela-Bela Local Economic Development recognises the importance of Local Economic Development (LED) it is further acknowledged that LED involves far more than merely a list of projects. Instead, LED has a very strong strategic character and it essentially involves the process by which public, business and non-governmental sector partners and work collectively to create better conditions for economic growth and employment generation in pursuit of a better life for all. The economy of Bela-Bela is dominated by three sectors, which is in Tourism, Agriculture and Mining, even though mining contribution is very minimal. The population of Bela-Bela as at the 2011 Census indicates that the level of unemployment is the most high in the youth segment. It is with consideration of such facts that the LED Strategy need to create favourable conditions which will enable youth to create their own SMMEs. The LED Strategy serves as a framework within which the local economy could allow the creativity of youth. The local economy is set to fight poverty, unemployment and inequality.

Table 25 Extended Public Works Projects

Job creation through EPWP projects		
Details	EPWP Projects	Jobs created through LED and Private Sector
2015/2016	372	765

RT

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: community parks & open spaces, community halls, sports fields, grounds and courts, cemeteries & crematoria and libraries & archives.

3.11 INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Two of the objects of local government as enshrined in Sectiion 152 (1) (c) (d) of the Constitution of the RSA is:

a. To promote social and economic development and

b. To promote safe and healthy environment.

Section 24 of the Constitution of RSA Chapter 2 (b) i, ii and iii of Bill of Rights mandate municipalitites to protect the environment for the benefit of present and future generations, through reasonable measures that prevent pollution and ecological degradation, promote conservation, secure ecologically sustainable development and use of natural resources. In recognition of this Constitutional obligation, National Environmental Management: Protected Areas Act No 57 of 2003 and Biodiversity Act No 10 of 2004 were promulgated to provide for the protection and conservation of ecologically viable areas and biodiversity.

Some of the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 within the Constitution of RSA are as follows:

a. Cemeteries and crematoria

b. Local sports facilities

c. Municipal parks and recreation

d. Bela-Bela Local Municipality within Social and Community Services aim to improve the quality of life of its citizens by effectively and efficiently identifying, developing and delivering comprehensive programmes that provide safe, sustainable and aesthetically pleasing recreational parks, municipal buildings, community facilities, streetscape locations, road reserves/verges, sports facilities and cemeteries in accordance with acceptable management practices or standards.

e. the community with a dignified and responsive cemetery and memorialisation service and consistent maintenance in accordance with acceptable management practices or standards.

f. promote effective sustainable "Greening initiatives.

3.11.1 Cemeteries and Crematorium

Bela-Bela municipality has Four (4) cemeteries, however, only three are maintained. Hereunder are the three (3) cemeteries that the Municipality is maintaining:

a) Bela-Bela township cemetery which is closed and inactive.
b) Masakhane cemetery used by the community of both Masakhane and Pienaarsrivier.
c) The cemetery situated on the R516 road to town used by the community of Bela-Bela Township, those residing in town, Spa Park and Jinnah Park.

The fourth cemetery is in Rapotokwane used by the community of that village but the Municipality is currently not maintaining.

Figure 23 Masakhane Cemetery

Figure 24 -Cemetery next to the R516 road

Figure 25 Cemetery next to the R516 road

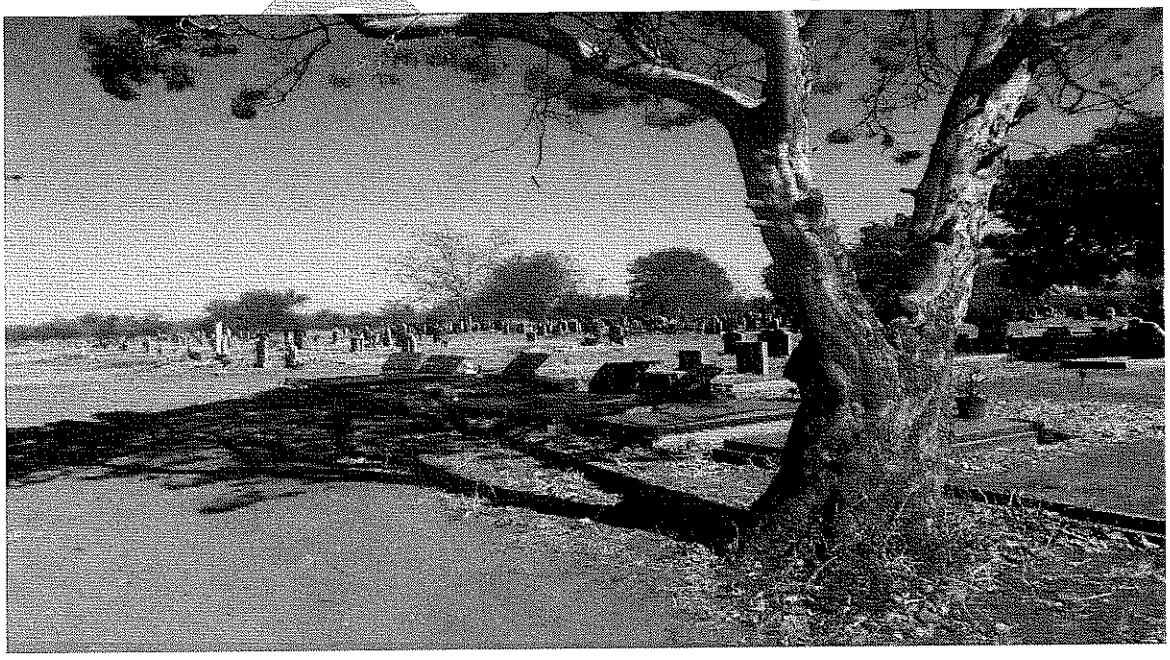


Figure 26 Cemetery next to the R516 road

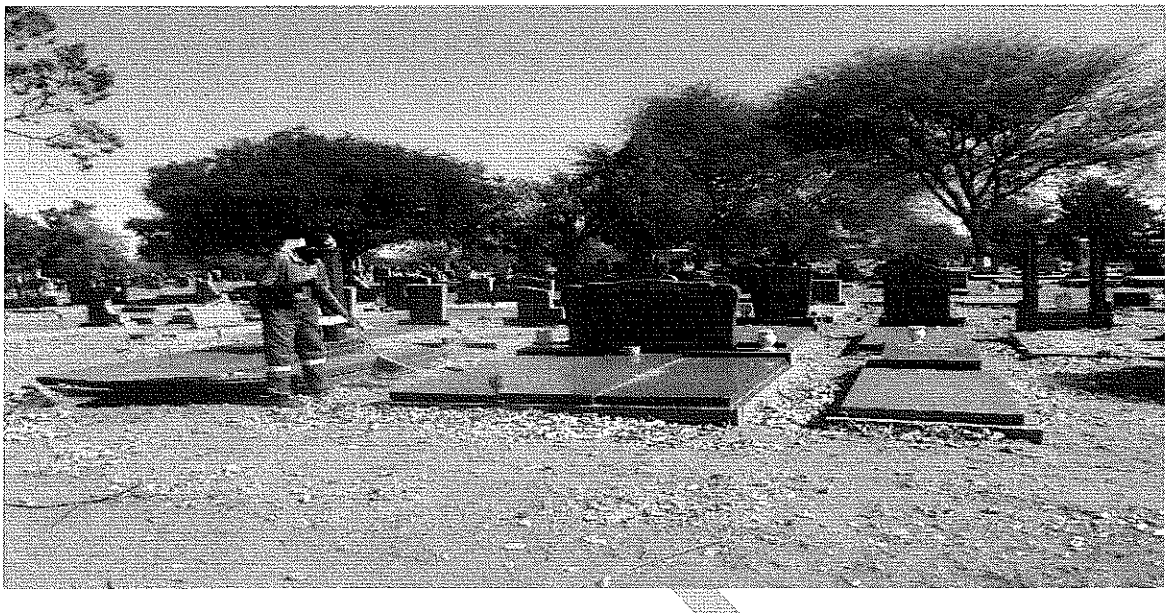


Figure 27 Old cemetery in the township

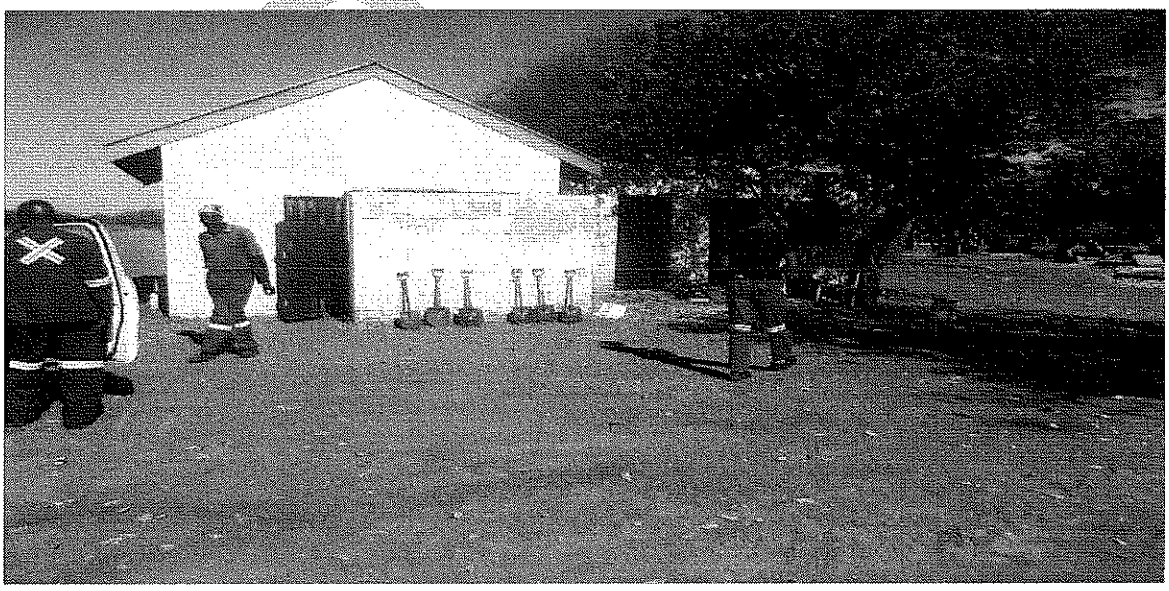


Figure 28 - Old cemetery in the township

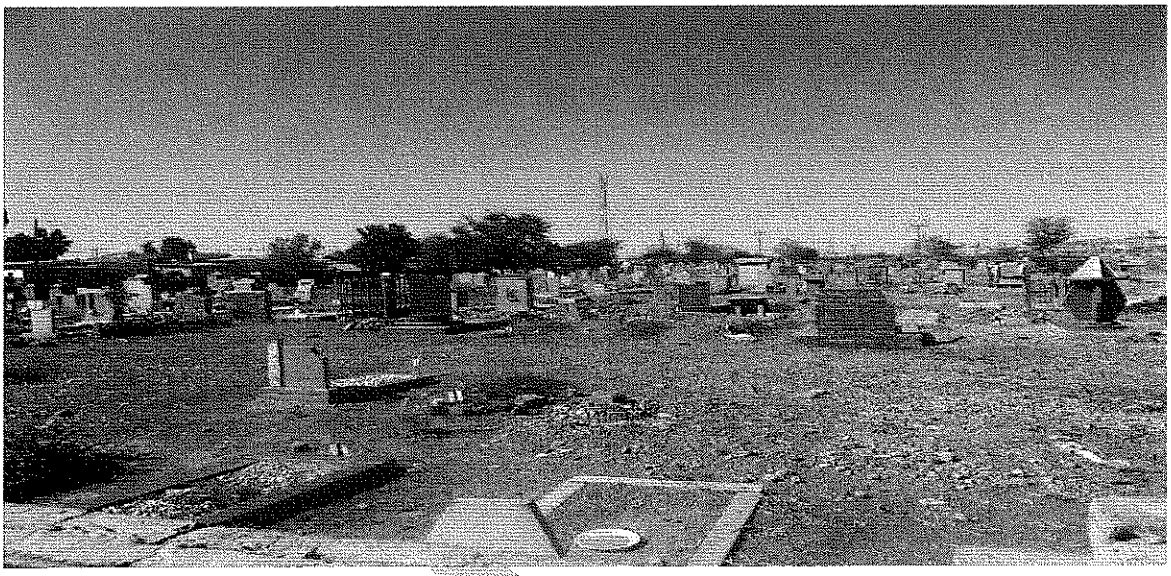
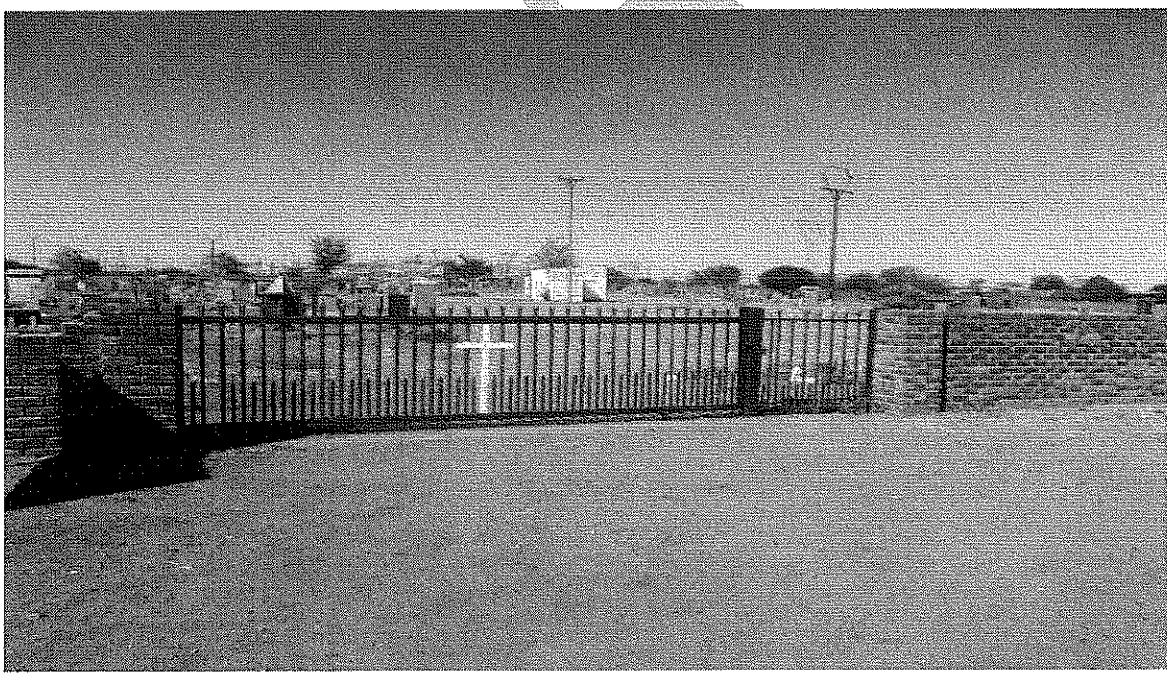


Figure 29 Old cemetery in the township



3.11.2. Maintenance Activities

Maintenance activities that takes place at the cemetery includes the following:

a) Clearing of space
b) Mowing/edging/ and blowing grass
c) Herbicides application
d) Litter picking
e) Tree pruning
f) Digging of graves as per bookings

Challenges

1. The cemetery in town is over busy with an interment rate of 450 burials on average per year.
2. The rise in paupers' burials is actually exacerbating the situation
3. The municipality is gradually running out of burial space,
4. This cemetery is not completely secured as a result there are incidents of vandalism of tombstones and other amenities.

Recommendations

1. Public awareness on alternative disposal of bodies or second and third burial in one grave.
2. Identification of land for the development of a new cemetery.
3. Construction of a crematorium.

3.11.3 Parks and recreation

The municipality has six parks that are situated at:

a) Letlhabile
b) Moloto Street.
c) Leseding
d) Pienaarsrivier.
e) Town and
f) Extension 6

The municipality had an obligation of taking care of the parks and hereunder are scheduled maintenance activities:

a) Cutting and mowing of grass
b) Irrigation
c) Weeds control
d) Litter control
e) Pruning of trees
f) Laying of soil/compost/fertilizers

The municipal parks were underdeveloped and inadequate, furthermore the municipality applied for funding with DEA which was approved and granted in 2014 and work commenced in November 2014. The municipality was granted funding to tune of R12m for:

a) Development of three new parks
b) Rehabilitation of four existing parks
c) Development of a nursery

The project is completed and was handed over to the municipality in February 2016 however one park that was supposed to have been developed in Spa park was not done due to illegal occupation of the ERF the matter could not be resolved on time as far as the time lines for the completion of the project was concerned.

Figure 30 -Rehabilitation of the existing Park at Leseding Section

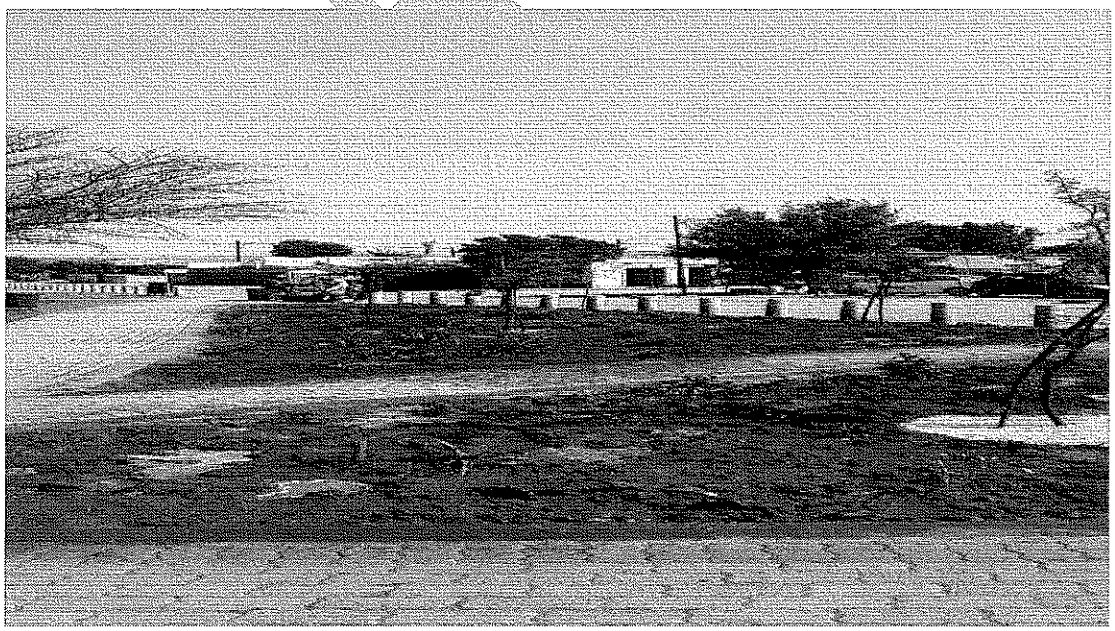
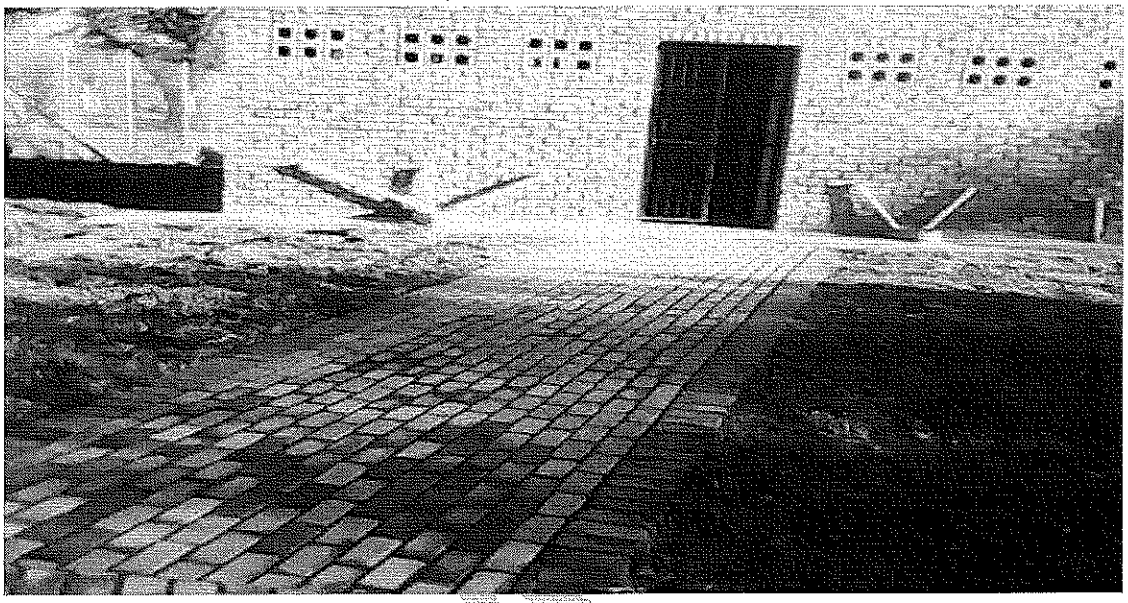


Figure 31 New Developed Park at Bela-Bela Town

Figure 32 Rehabilitaion of an existing park at Lethlabile

Figure 33 New Developed Ablution Facilities at Pienaarsrivier



Challenges

a) Most of our parks are not secured as a result their amenities are vandalised as people have unfettered access to the parks
b) Trees and plants are stolen from the parks
c) Water restrictions because of drought which leads to incapacity to irrigate

Recommendations

a) Installation of security fence in all parks.
b) Access control
c) Construction of bore holes in each park

Community Halls

Bela-Bela municipality has four community halls situated at:

a) Bela-Bela township
b) Spa Park

c) Jinnah Park

d) Pienaarsrivier

Scheduled maintenance activities:

a) Cleaning of the hall

b) Litter picking

c) Cutting of grass outside and the surrounding

As the majority of people are found in Bela-Bela Township, the community hall there is over utilised as it is the only one and therefore it is deteriorating at a faster pace but it is also ageing.

We were fortunate that we were allocated some funds through MIG for the construction of a multi-purpose centre/hall. See the picture below:

Figure 34 New Developed Multi-Purpose Centre at Ext 6

The project is now completed.

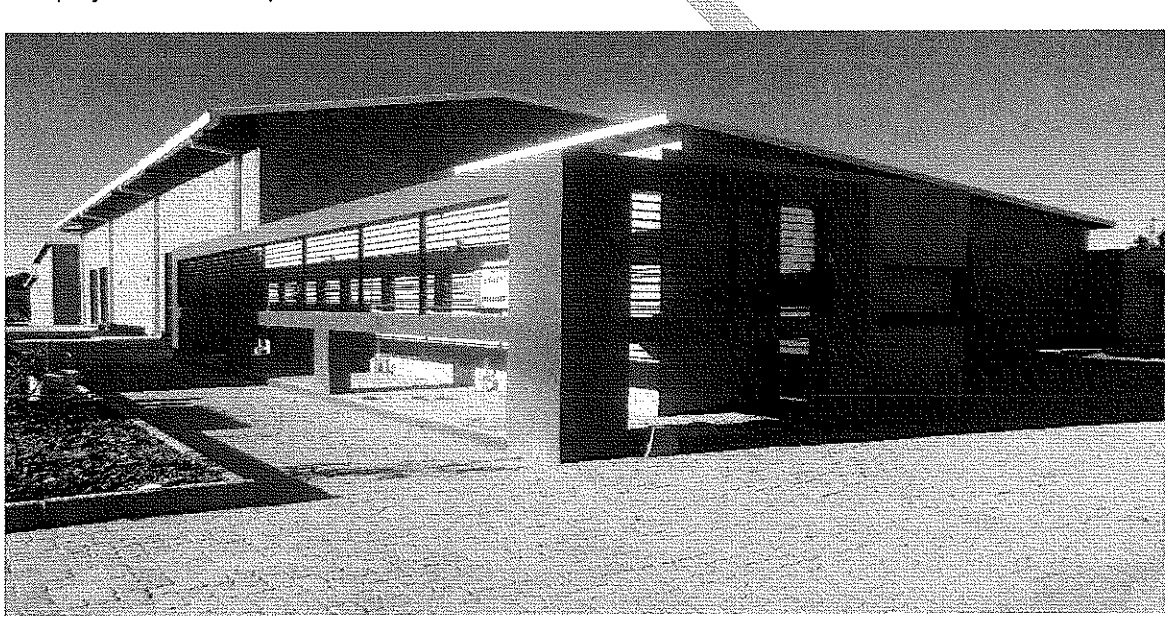
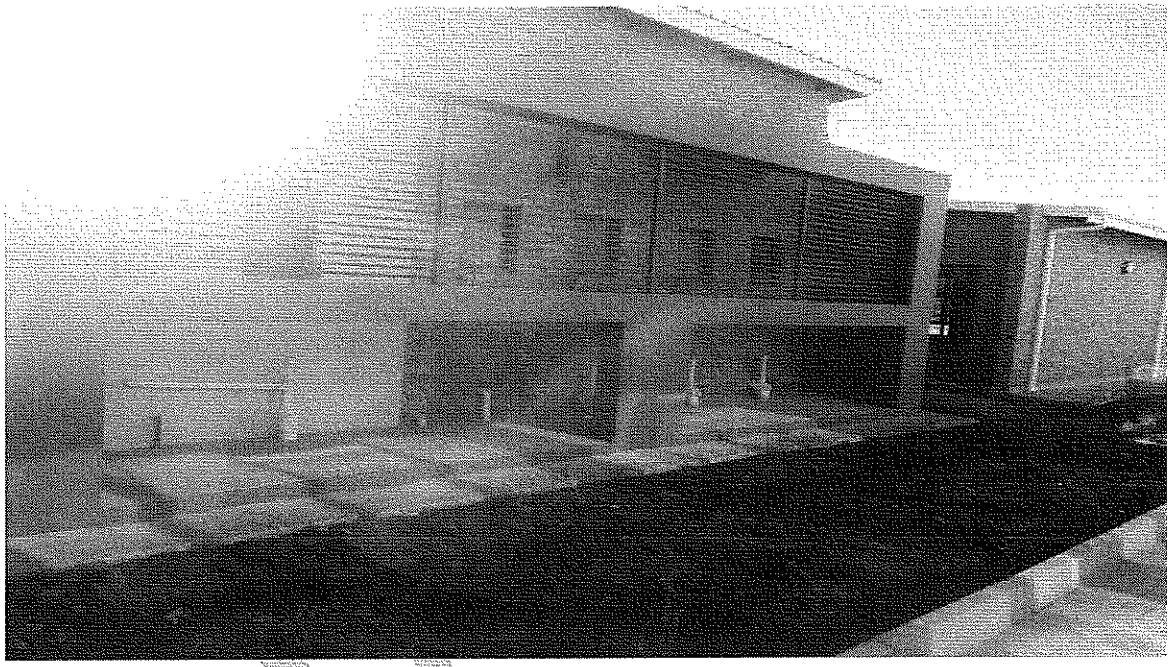


Figure 35 - ***New Developed Multi-Purpose Centre at Ext 6***



3.11.4 Sports Fields, Grounds and Courts

With regard to the Bela-Bela Sports Fields, it should be noted that eight of the ten are just ground sports fields and two with lawn pitches. Furthermore it should be noted that the Municipality has the responsibility of maintaining the sports fields, however there is a challenge of insufficient cleaning machinery such as Graders. The Municipality is currently depending on one grader to maintain both Roads and Municipal Sport Fields hence the delays and or non-adherence to the maintenance schedule which also lead to the outsourcing of the function.

Scheduled maintenance activities

a) Cutting of lawn
b) Cutting of grass of surrounding areas
c) Litter control

d) Weed control
e) Line markings with lime
f) Irrigation
g) Laying of soil/compost/fertilizers
h) Grading of sports grounds

Bela-Bela Municipality is faced with the challenge of under-developed and inadequate sport fields. In order to address under-development of the current sports fields the Municipality managed to utilise portion of Municipal Infrastructure Grant (MIG) funds allocated for 2015/2016 Financial Year (FY) as guided by P-Component of the MIG Formula as described in Part 5 of Annexure W1 of the Division of Revenue Act (DoRA) No 10 of 2014.

Picture 36 Rehabilitated sport fields next to Bela-Bela High School.

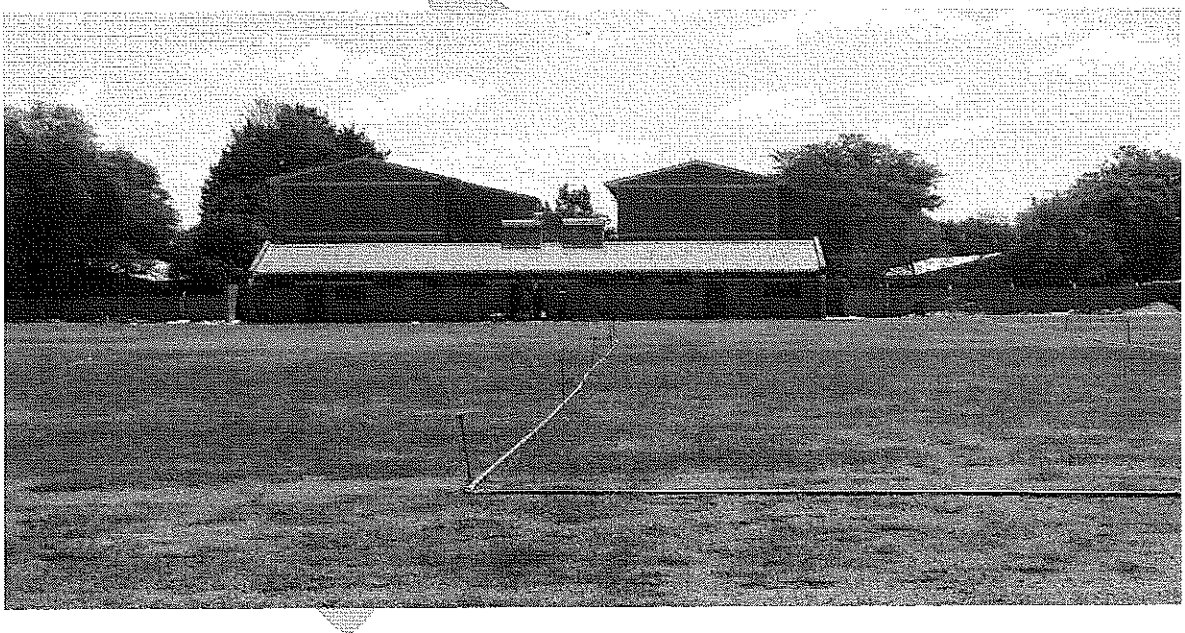


Figure 37 Bela-Bela sports ground completed

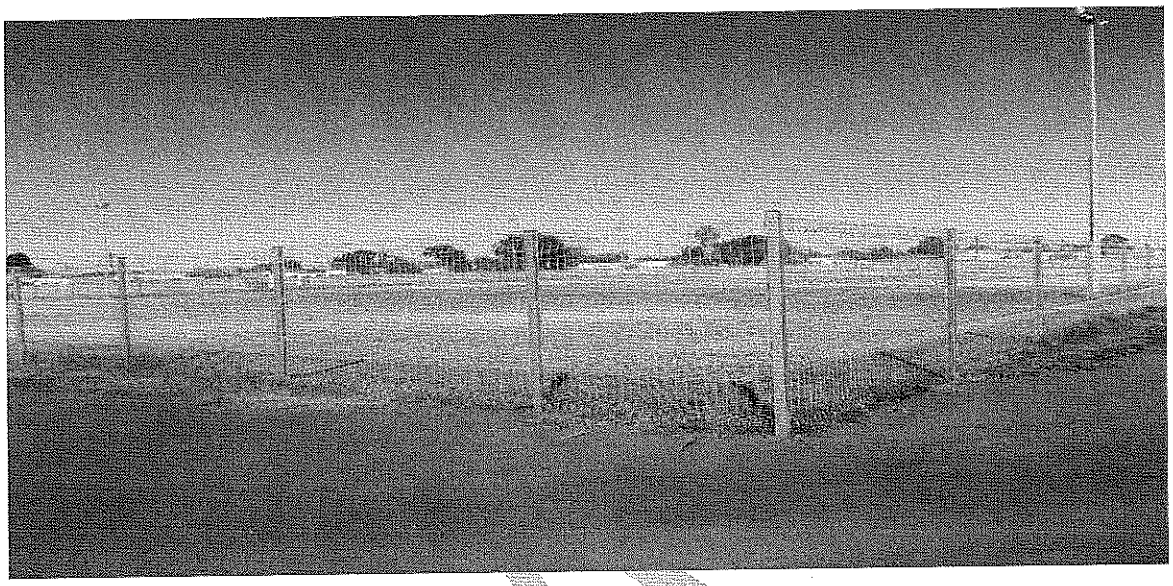


Figure 38

Table 26

Community Facilities Objectives Taken From IDP									
Service Objectives Service Indicators (i)	OUTPUT	2013/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	
		Target	Actual	Target	Actual	Target	Actual	Current Year	Following Year
Service Objective xxx									
Community Halls	Cleaning of 4 Com Hall	4	4	4	4	4	4	4	4
Maintenance of Parks	Maintenance of 5 Parks	5	5	5	5	5	5	5	7
Maintenance of Sports Fields	Maintain 10 sports grounds	10	10	10	10	10	10	10	11

Table 27

CEMETERIES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives Service Indicators (i)	OUTPUT	2013/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	
		Target	Actual	Target	Actual	Target	Actual	Current Year	Following Year
Service Objective xxx									
Cemeteries	Maintenance of Cemeteries	2	2	3	3	3	3	3	3

DRAFT

3.12 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The purpose of information and communication technology (ICT) is to enable the Public Service in its service delivery quest. The ICT House of Values depicts the values and key focus areas of ICT service delivery. These objectives, principles, values and key focus areas inform the acquisition, management and use of ICT.ICT Governance is one of the key performance areas as indicated on the 2015/2016 Bela-Bela Municipality SDBIP. This accountability enables the Institution to align the delivery of ICT services with the strategic and business goals of the Institution.

During 2015/2016 Financial year Bela-Bela Municipality ICT division introduced ICT governance for effective and efficient management of ICT resources and processes to facilitate the achievement of Municipal goals and objectives as stipulated on the MFMA.

Table 28

Job Level	Number of employees	Number of Posts approved	Number of posts filled	Vacancies
Level 1	1	1	1	0
Level 3	0	2	0	2
Level 4	1	2	1	1
Level 6	0	2	0	2

3.12.1 COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The purpose of the report is to highlight ICT achievements and challenges during 2015/2016 financial year. The Municipality internet line has been upgraded to increase the speed of internet performance. ICT policies were introduced and implemented to enhance ICT governance in the Municipality. The firewall has been implemented to prevent unauthorized access to the Municipality ICT infrastructure. Currently the Municipality do not have disaster recovery site which should be implemented to ensure ICT services continuity in case of ICT disaster. The Municipality implemented Voice over IP telephone system to reduce costs on landlines telephones expenditure. Furthermore, the municipality installed latest standard Category (CAT) 6 cabling and Power Over Ethernet (POE) switches to improve network performance.

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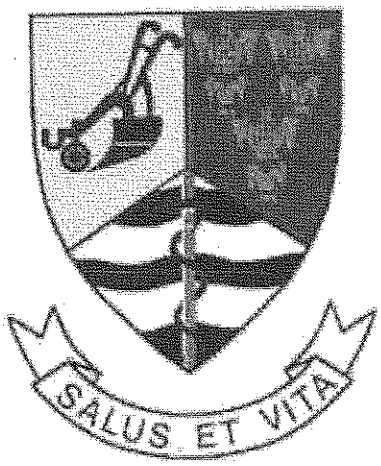
COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD (PART I)

4.1 ANNUAL PERFORMANCE SCORECARD REPORT FOR THE 2015/2016 FINANCIAL YEAR.

Bela-Bela Local Municipality established Performance Management Systems (PMS) as guided by Section 38 of the Local Government Municipal Systems Act, No 32 of 2000. As required by the above mentioned Act the established PMS commensurate with the resources of the municipality, its circumstances and is also in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP). Furthermore, the Municipality set appropriate key performance indicators as a yardstick for measuring the 2015/2016 performance. The set indicators also outlined the outcomes and impact with regard to the Municipality's developmental priorities and objectives as set out in the approved 2015/2016 Integrated Development Plan (IDP).

Emanating from 2015/2016 approved IDP and budget , the Municipality developed an organizational score card providing a strategic direction on how will the organization implement and account for the budget, developmental objectives and priorities approved for the financial under review. The municipality also established the process of regular reporting to Council and to communities, whereby Management, Audit Committee, and the Mayor tabled quarterly performance reports as per the approved organizational score card. The Municipality also complied with the provisions of Section 46 of Local Government Municipal Systems Act by compiling the 2015/2016 Annual Performance Report which was submitted to the Auditor General for 2015/2016 audit as required by the Section 45 of the of the Local Government Municipal Systems Act No 32 of 2000. Below is the detailed audited 2015/2016 Annual Performance Report.

BELA-BELA LOCAL MUNICIPALITY



2015/2016 ANNUAL PERFORMANCE REPORT

1. ACRONYMS

MFMA	Municipal Finance Management Act No 56 of 2003
MSA	Municipal System Act No 32 of 2000
SDBIP	Service Delivery and Budget Implementation Plan
IDP	Integrated Development Plan
PMS	Performance Management System
NKPIs	National Key Performance Indicators
KPA	Key Performance Areas
KPI	Key Performance Indicators
S.M.A.R.T	Specific, Measurable, Attainable, Realistic and Timely
BBLM	Bela-Bela Local Municipality
DEA	Department of Environmental Affairs
LED	Local Economic Development
DWA	Department of Water Affairs
VIP	Ventilated Improved Pit
WWTW	Waste Water Treatment Works
EIA	Environmental Impact Assessment
LEDET	Limpopo Economic Development, Environment and Tourism
CDB	Central Business District
SDF	Spatial Development Framework
LUMS	Land Use Management Scheme
AG	Auditor General
RMC	Risk Management Committee

AC	Audit Committee
PAC	Performance Audit Committee
MPAC	Municipal Public Account Committee
AFS	Annual Financial Statements
CoGTA	Cooperative Governance and Traditional Affairs
LGSETA	Local Government Sector Education Training Authority
HRM	Human Resource Management
HRD	Human Resource Development
SPLUMA	Spatial Planning and Land Use Management Act No16 of 2013
OHS	Occupational Health Safety
LFF	Local Labour Forum
IGR	Intergovernmental Relations
ICT	Information Communication Technology
IT	Information Technology
MIG	Municipal Infrastructure Grant
MWIG	Municipal Water Infrastructure Grant
PMU	Project Management Grant
CCTV	Closed-Circuit Television
CSS	Community and Social Services
TS	Technical Services
CS	Corporate Services
PED	Planning and Economic Development
BTO	Budget and Treasury Office
FY	Financial Year

2. INTRODUCTION

The Annual Performance Report is hereby submitted to the Bela-Bela Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2015 to 30 June 2016 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Budget Adjustment during January 2016, in relation to the objectives as summarized in the Municipality's Integrated Development and Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its 2015/16 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP).

Furthermore, this report will also endeavour to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic key Performance Areas for local government, which are (1) Basic Service Delivery; (2) Local Economic Development; (3) Municipal Institutional Transformation and Development; (4) Municipal Financial Viability and Management, (5) Good Governance and Public Participation, and (6) Spatial Rationale as added.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Key Municipal KPA have number of Municipal Programmes/Key Focus Areas (KFA's) which was deliberately designed by the Bela-Bela Municipality to focus its development initiatives in a more coherent and organised manner.

3. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

(1) A municipality must prepare for each financial year a performance report reflecting—

(a) the performance of the Municipality and each external service provider during that financial year;

(b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and

(c) Measures taken to improve performance.

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

4. PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

In order to improve on performance planning, implementation, reporting and measurement, the institution implemented the following actions:

- There has been a reduction in the number of KPI's that the Municipality is reporting on. The reduction on the number of KPIs afforded the institution the opportunity to focus on strategic issues which were well defined, outcome based and not operational in nature. Departmental operational plans were developed for monitoring and reporting operational programmes;
- There is a column in the SDBIP for each KPI to ensure that the portfolio of evidence was populated correctly;
- During 2014/15 Financial after the launch of the Back to Basics approach by the President on the 18th of September 2015, the Municipality inculcated the approach into its Governance Model thereby enhancing its performance Reporting and started receiving accolades from National and Provincial Departments on its performance reporting processes.

- As opposed to previous practise, where the Divisional Manager was responsible for both IDP and PMS, the Municipality decided to have separate Divisional Managers for both IDP and PMS, which further resulted in improved performance reporting, and increased compliance with the applicable Legislation;
- The Municipality endeavoured during the development of the Top Layer as well as with the development of the Departmental SDBIP that the "SMART" principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making them measurable; and

The Municipality spent 100% of its MIG which led to an additional allocation of MIG form the National Treasury. Therefore this led to the amendment of Top Layer SDBIP in the IDP after the Budget Adjustments.

5. THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Organisational Performance is evaluated by means of a Municipal Scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and Annual Budget into measurable operational targets on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to Departments and/or Divisions to deliver the services in terms of the IDP and Budget:

- The MFMA Circular No.13 prescribes that:
- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the Budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology.

Colour Legend	Category	Explanation
	KPI Not Yet Measured	KPIs with no Targets or Actual results for the selected period
	KPI Not Met	Actual vs Target Less than 75%
	KPI Almost Met	Actual vs Target between 75% and 100%
	KPI Met	Actual vs Target 100% Achieved
	KPI Met Well	Actual vs Target More Than 100% and Less Than 150% Achieved
	KPI Extremely Met Well	Actual vs Target More Than 150%

6. PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2012/2013 FINANCIAL YEAR

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Due to the fact that the Municipality has aligned its KPAs to the Six (6) National KPA's the Bela-Bela Local Municipality will report as such. An overview of the Municipality's actual performance in accordance with these KPA's are depicted in Table 1 below.

7. MUNICIPAL PERFORMANCE AGAINST THE NATIONAL KEY PERFORMANCE AREAS

National KPA							
Bela-Bela Municipality		Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Municipal Transformation and Institutional Development	Spatial Rationale
	KPI Not Yet Measured	2	1	0	0	0	0
	KPI Not Met	1	1	2	0	1	0
	KPI Almost Met	4	4	0	2	4	0
	KPI Met	18	24	2	8	6	6
	KPI Met Well	1	2	0	2	2	0
	KPI Extremely Met Well	0	0	0	1	0	0
Total							

The Table above depicts that on average the Organization attained 100% on majority of its targets in all KPAs, and also there were in all the KPAs there were few targets that were not met as planned. Also in all the KPAs, there were some indicators where the Organisation overachieved against the predetermined targets.

8. EXPLANATION ON CALCULATION OF THE ACTUAL PERFORMANCE

The calculations were done in accordance with the following six (6) Departments within the Municipality, viz:

- Office of the Municipal Manager;
  - Internal Audit Unit; and
  - Communications and Public Participation
- Budget and Treasury;
- Corporate Services; Social and Community Services;
- Planning and Economic Development; and
- Technical Services

All the percentages under the Column on 2015/2016 Actual Performance were added together per Department and divided by the number of indicator planned to be performed by that particular Department.

In instances where the 2015/2016 Annual Target was any figure other than 100%, the figure indicated as achievement under the column for Actual Performance was then divided by that under the 2015/2016 Annual Target Column and the multiplied by 100 to get the actual percentage achieved, which is indicated in a bracket in most instances.

The totals from all the Departments were then averaged to arrive at the Organizational Score.

..... 31/08/2016.....

MM MALULEKA
MUNICIPAL MANAGER

DATE

8. SERVICE DELIVERY TARGETS AND KEY PERFORMANCE INDICATORS

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Basic Service Delivery	Promote the welfare of the community	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Community & Social Services	Waste Management and Cleansing	Number of Integrated Waste Management Plan recommendations implemented through establishment of Waste minimization initiative		KPI 1	#	0	2x Initiatives		Achieved 2x Waste Management initiatives were established. **(100%)**		Sufficient evidence provided	Attendance Registers and Reports
Basic Service Delivery	Promote the welfare of the community	16 000	16 000 (100%) households have access to basic level of waste removal	Community & Social Services	Waste Management and Cleansing	Number of households with access to basic level of solid waste removal (kerbside collection once a week)	Percentage of households with access to basic level of solid waste removal (kerbside collection once a week)	KPI 2	%	16 000 (100%)	16 000 (100%)		Not achieved 15 666HH out of 18068 HH were provided with basic level of solid waste removal (kerbside collection		Sufficient evidence provided	Council Approved Schedule of Collection

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													once a week)which translates to 87%			
Basic Service Delivery	Promote the welfare of the community	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Community & Social Services	Protection and Emergency Services	Number of fire prevention awareness campaigns held by 30 June 2016		KPI 3	#	0	2		Achieved 2x Fire prevention awareness campaigns were held as follows: 17 October 2015 and 02 June 2016 **(100%)**		Sufficient evidence provided	Attendance Registers and Reports
Basic Service Delivery	Promote the welfare of the community	100%	100% of the Road Traffic Signs were maintained as per the planned schedule.	Community & Social Services	Protection and Emergency Services	Percentage maintenance of road traffic signs and markings as per the planned schedule		KPI 4	%	100%	100%		Achieved **100%** Of the planned road signs as per the scheduled were maintained **(100%)**		Sufficient evidence provided	Planned Schedule, Report

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Basic Service Delivery	Promote the welfare of the community	4 Community Halls	(100%) 4 Community Halls maintained and cleaned	Community & Social Services	Community Facilities	Number of Community Halls Maintained by 30 June 2016		KPI5	#	4	4		Achieved 4x Community Halls at Bela-Bela , Spa Park , Jinnah Park and Piernaars revier were maintained (100%)		Sufficient evidence provided	Maintenance Register/ Schedule
Basic Service Delivery	Promote the welfare of the community	10 Sports fields to be maintained	10 Sports fields maintained	Community & Social Services	Community Facilities	Number of Sports & Recreational facilities maintained by 30 June 2016		KPI 6	#	10	14		Achieved 14x Sports & Recreational facilities were maintained (100%)		Sufficient evidence provided	Maintenance Register/ Schedule
Basic Service Delivery	Promote the welfare of the community	5 Parks	(100%) 5 Parks were maintained	Community & Social Services	Community Facilities	Number of municipal parks and gardens maintained by 30 June 2016		KPI 7	#	4	7		Not achieved 6x Municipal Parks and Gardens were maintained. The other park was	The other park will be established in the next financial year	Documents confirming the 6 municipal parks and Gardens were provided to substantiate the actual performance reported,	Maintenance Register/ Schedule

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													not established by DEA. **(85.71%)**		and the target is confirmed as not achieved.	
Basic Service Delivery	Promote the welfare of the community	3 cemeteries	(100%) 3 Cemeteries maintained	Community & Social Services	Community Facilities	Number of Cemeteries maintained by 30 June 2016		KPI 8	#	3	3		Achieved 3x Cemeteries were maintained at Masakhane (Active) Belo-Bela Town(Active) and Bela-Bela (Inactive) **(100%)**		Sufficient evidence provided	Maintenance Schedule /Register
Basic Service Delivery	Promote the welfare of the community	4 x Awareness Campaigns	(150%) 6x Awareness Campaigns were held.	Municipal Manager	Special Programmes	Number of Special Programmes Initiatives to be held by 30 June 2016(2x HIV/Aids and TB, 1x Youth Programme)		KPI 9	#	1x HIV/AIDS Awareness Campaign held	2 X HIV/AIDS and TB Awareness Campaign held	2 X HIV/AIDS and TB and 1x Youth Programme)Awareness Campaigns held	Achieved 5 Events held 2x HIV/AIDS and TB and 3x Youth Programme Awareness Campaigns held as follows:		Sufficient evidence provided	Attendance Registers and Invitations

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													(HIV 17 July 2015, 4 December 2015) (Youth Programmes 2x 29 June 2016 and Piemaars 10H00 and Masakhane at 14H00, and 30 June 2016 at Rapotokwane at 14H00) (100%)			
Local Economic Development	Promote and encourage sustainable economic environment	1 x Report on the number of jobs created within the municipality	(100%) Report on number of jobs created within the municipality was compiled and tabled to Council as per Council	Planning & Economic Development	Job Creation	Number of reports tabled to Council on jobs created through municipal LED initiatives / projects by 30 June 2016		KPI 10	#	2	2		Achieved 2x reports on the number of jobs created through Municipal LED initiatives were compiled and tabled to		Sufficient evidence provided	Bi-Annual Reports and Council resolutions

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Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
			Resolution MC /07/2015										Council as Council Resolutions number MC158/03/2016 and 5MC99/05/2016 (100%)			
Local Economic Development	Promote and encourage sustainable economic environment	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Local Economic Development	Number of Awareness and Compliance Campaigns conducted by 30 June 2016		KPI 11	#	1 Awareness and Compliance Campaign held	4 Set of Awareness & Compliance Campaigns conducted		Achieved 4x Awarenes s campaign s were held as follows: House and Spaza Shops 15 May 2015, Safety Awarenes s, 21-23 December 2015, Liquor Awarenes s 12 August 2015 and Export Business Awarenes		Sufficient evidence provided.	A Set of 4 Quarterly Reports on Awarenes ss & Complian ce Campaig ns conducte d

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													s Campaigns on the 17 of August 2015. (100%)			
Local Economic Development	Promote and encourage sustainable economic environment	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Local Economic Development	Number of LED Strategies developed/ reviewed by 30 June 2016		KPI 12	#	Current LED Strategy approved in 2012	1 X LED Comprehensive Strategy reviewed and Approved		Not Achieved (0%)	LED strategy to be developed during the 2016/2017 FY	Confirmed as not achieved	Approved LED Strategy accompanied by Council Resolution
Local Economic Development	Promote and encourage sustainable economic environment	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Local Economic Development	Number of LED Stakeholder Forum launched and held by 30 June 2016		KPI 13	#	0	1 X LED Forum established & Quarterly Meetings held		Not achieved (0%)	LED Forums will be held during 2016/2017 FY	Confirmed as not achieved	A Set of 4 LED Forum Minutes
Municipal Financial Viability and Management	Improve Financial Viability	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Budget &Treasury	Accounting Services	Number of 2016/17 Budget approved by 30 May 2016		KPI 14	#	2015/16 Approved Budget	2016/17 approved Budget		Achieved 2016/2017 Budget was approved on the 31st of May 2016 as per Council Resolutio		Sufficient evidence provided	Copy of the 2016/2017 Draft Adopted Budget and the 2016/2017 Final Approved Budget

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													n Number SMC 96/05/2016. (100%)			with Council Resolutions
Municipal Financial Viability and Management	Improve Financial Viability	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Budget &Treasury	Accounting Services	Number of Budget related policies reviewed/developed by 30 June 2016		KPI 15	#	16 Policies and 4 By-Laws reviewed and approved	16 Policies and 4 By-Laws	15 Budget related Policies and 4 By-Laws reviewed and approved by Council by June (Credit Control & Debt Collection, Indigent Support, Tariff By-laws and Property Rates By-Laws)	Achieved 15 Budget related Policies and 4 By-Laws reviewed and approved by Council on the 31st of May 2016 as per Council Resolution Number SMC 96/05/2016 (100%)		Sufficient evidence provided	Approved Policies and By-Laws with Council Resolutions
Municipal Financial Viability	Improve Financial Viability	The target was not applicable during the	The target was not applicable during the	Budget &Treasury	Accounting Services	Number of MFMA Section 71 Reports		KPI 16	#	12 Monthly Section 71	12 Monthly Financial Reports	12 Section 71 Monthly	Achieved 12x Section		Sufficient evidence provided	Section 71 Reports, Council

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
and Management		2014/2015 FY	2014/2015 FY			submitted to the Mayor ,Provincial and National Treasury by no later than 10 days after the end of each month				Reports for 2013/14 FY		Financial Reports with proof of Submission to Council, Provincial and National Treasury	71 reports compiled and submitted to Council, Provincial and National Treasury (100%)			Resolutions and proof of Submission to the Provincial and National Treasury
Municipal Financial Viability and Management	Improve Financial Viability	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Budget &Treasury	Accounting Services	Number of MFMA Section 72(1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report tabled to Council , National & Provincial Treasury by 25 January 2016		KPI 17	#	Approved 2014/2015 Section MFMA Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report	1 MFMA Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report		Achieved 1 x MFMA Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report was compiled and tabled to Council as per Council Resolution Number MC106/01/2016		Sufficient evidence provided	Council Approved Section 72 (1)(a)(i)(ii) Mid-Year Budget and Performance Assessment Report with Council Resolution and Submission letters to National and Provincial Treasury

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/16 Actual Performance (100%)	Corrective Measure	Internal Audit Review	Evidence Required
Municipal Financial Viability and Management	Improve Financial Viability	140%	59% (42.14%)	Budget &Treasury	Accounting Services	Percentage Maintenance of monthly Cost coverage above 100% (R-value all cash at a particular time plus R-value investments, divided by R-value monthly operating	Percentage of Consumer Debtors Collection Rate(R-Value of Consumer Payments/ R-Value of Billing)	KPI 18	%	95%	135%	85%	Achieved 125 % Collection Rate (121.15%)		Sufficient evidence provided	Monthly Reports
Municipal Financial Viability and Management	Improve Financial Viability	24:1	46:1 (45.30%)	Budget &Treasury	Accounting Services	Percentage Maintenance of Debt coverage ratio above 20:1 (total R-value operating revenue received minus R-value Operating grants, divided by R-value debt service payments		KPI 19	% Ratio	20:1	24:1		Achieved 58:1 (241.67%)		Sufficient evidence provided	Monthly Reports

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
						(i.e. interest + redemption) due within financial year)										
Municipal Financial Viability and Management	Improve Financial Viability	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Budget & Treasury	Revenue Management	Percentage Reduction of Service debtors revenue to below 50% (R-value total outstanding service debtors divided by R-value annual revenue actually received for services)		KPI 20	%	48%	45%		Achieved 40% (112.50%)		Sufficient evidence provided	Monthly Reports
Municipal Financial Viability and Management	Improve Financial Viability	65%	80%	Budget &Treasury	Revenue Management	Reduce of Total R-value debt owed to the municipality to R100 million	Reduce of Total R-value debt owed to the municipality to R105 million	KPI 21	R-value	R105 Million	R100 Million	R105 Million	Not achieved R107 Million (98.13%)	Consistently implement credit control actions and also consider reassessment of the outstanding debt book and	Although the target is not achieved sufficient evidence was provided for the actual performance reported, and the target is	Monthly Reports

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
														recommend for write offs for uncollectable debts.	confirmed as not achieved.	
Municipal Financial Viability and Management	Improve Financial Viability	4 000	107% 4280 Indigents are registered in the 2014/2015	Budget &Treasury	Revenue Management	Number of indigents that are registered for free basic services	% of Registered Households earning less than 2860 with access to Free Basic Services	KPI 22	%	100%	100%	100%	Achieved 100% (3985) Indigents registered were provided with FBS by 30 June 2016 (100%)		Sufficient evidence provided	Indigent Register and the Billing Report
Municipal Financial Viability and Management	Improve Financial Viability	100%	100%	Budget &Treasury	Expenditure Management	Percentage capital budget actually spent on budgeted capital projects identified for 2015/2016 financial year i.t.o. IDP		KPI 23	%	52%	100%		Not achieved 95% The Municipality couldn't reach the 100% due to inadequate cashflows to fund own source funded	The municipality has introduced cost containment measures to free cash flows: They are also in the process of restructuring and terminati	Although the target is not achieved sufficient evidence was provided for the actual performance reported and the target was confirmed as not achieved.	Monthly Reports

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													projects. (95%)	ng some contracts in order to free cash flow		
Municipal Financial Viability and Management	Improve Financial Viability	100%	100%	Technical Services	Expenditure Management	Percentage MIG spent on MIG grants approved projects by 30 June 2016		KPI 24	%	87%	100%		Achieved 100% of the MIG Grant was spent during 2015/2016 FY (100%)		Sufficient evidence provided	Monthly Reports
Municipal Financial Viability and Management	Improve Financial Viability	1.5:1	1:1 (67%)	Budget &Treasury	Asset Management	Percentage Maintenance of Liquidity ratio of above 150% (R-value assets / R-value liabilities)	Maintenance of Liquidity ratio of above 1.5:1 (R-value assets / R-value liabilities as %)	KPI 25	Ratio	1.89:1	1.60:1		Achieved 1.88:1 (100%)		Sufficient evidence provided	Monthly Reports
Municipal Financial Viability and Management	Improve Financial Viability	2x Assets verifications conducted	2x Assets verification process was conducted	Budget &Treasury	Asset Management	New	Conduct 12 Movable Asset Verifications and reconciliation by 30 June 2016	KPI 26	#	2 x Movable Assets Verification conducted and reconciliation	Conduct 12 Movable Asset Verifications and reconciliation	Conduct 12 Movable Asset Verifications and reconciliation	Achieved 12x Movable Asset verification and reconciliation were conducted (100%)		Sufficient evidence provided	Report and the Updated Movable Asset Register

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Water	Number of Water Master Plan reviewed and approved by Council by 30 June 2016	Discontinued due to financial constraints	KPI 27	#	2011 Water Master Plan	1x Water Master Plan reviewed		Discontinued due to financial constraints n/a	To be implemented 2016/2017	Project discontinued	Copy of the Master Plan
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Water	Number Water Services Development Plan reviewed and approved by Council by 30 June 2016		KPI 28	#	2008 Water Services Development Plan	1x Water Services Development Plan reviewed		Achieved 1x Water Services Development Plan reviewed and approved by Council as per resolution numbers MC83/01/2016 and SMC93/09/2016 (100%)		Sufficient evidence provided	Approved Water Service Development Plan with Council Resolution
Basic Service Delivery	Resource Management of infrastructure and services	100% of Households provided with access to basic level of water.	100% 14312 households have access to basic level of	Technical Services	Water	Percentage households with access to basic level of water (communal taps within	Percentage households with access to basic level of water (8,073 H/H)	KPI 29	%	100% (8,073 H/H)	100% (8,073 H/H)		Achieved 100% (8,077 H/H) has access to basic		Sufficient evidence provided	Reports

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
			water.			200m from households)							level of water. (100%)			
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Water	Percentage households with access to yard connections by 30 June 2016	Maintain Percentage households with access to yard connections by 30 June 2016	KPI 30	%	100% (9 995 HH)	100% (9 995 HH)		Not Achieved 99.68% Out of 9 995 HH only 9935 HH have access to yard connections which translates to 99.40 %) (99.40%)	Households serviced reduced due to in active accounts therefore, the Municipality will activate the accounts as when requested by the consumers.	The target is conformed as not achieved	Reports
Basic Service Delivery	Resource Management of infrastructure and services	75% Meeting blue drop water quality standard	100% of activities to enable Assessments by DWA&S performed (12 Monthly Reports on Water Quality	Technical Services	Water	Municipal Blue Drop quality rating by 30 June 2016	Implement recommendations of the 2011 Blue Drop assessments	KPI 31		71.20%	75%	Compile water safety report. Water and waste water quality sampling and analysis.	Achieved Compiled water safety report. Water and waste water quality sampling		Sufficient evidence provided	Reports

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Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
			Analysis submitted to DW&S and parameters were all within the SANS 241)									Compile water demand management strategy.	and analysis conducted. Compiled water demand management strategy (100%)			
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Sanitation	Number of Sanitation Master Plan developed/ reviewed by 30 June 2016	Number of Water Safety Plan developed by 30 June 2016	KPI 32	#	Approved Sanitation Master Plan	Revised Sanitation Master Plan Approved	Refer to KPI 27.	Discontinued due to financial constraints	To be include in the 2016/2017	Project discontinued	Copy of Water Safety Plan and Council Resolution
Basic Service Delivery	Resource Management of infrastructure and services	93%	94% 12279 households have access to basic level of sanitation.	Technical Services	Sanitation	Percentage households with access to basic level of sanitation		KPI 33	%	40% 6 767(HH)	0.7% 50 H/H	0.7%	Achieved Numbers of households with VIP toilets Rapotokwane 721 Tsakane 100 Total 821 which relates to		Sufficient evidence provided	Reports

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													10.16% (100%)			
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Sanitation	Percentage of households having water borne sewer services	Sustain Percentage of households having water borne sewer services	KPI 34	%	100% (9 995 HH)	100%		Not achieved 9 861 HH out of 9995 HH) received water borne sanitation (98.65%)		Sufficient evidence provided	Reports
Basic Service Delivery	Resource Management of infrastructure and services	50%	100% of activities to enable Assessments by DW& S performed (12 Monthly effluent quality Analysis Reports submitted within the parameters of SANS 241 to DW&S, with issues thereto being rectified as per Green Drop	Technical Services	Sanitation	Municipal green drop quality rating by 30 June 2016	Implement recommendations of the Municipal green drop quality.	KPI 35	%	17.2%	50%	Appoint service provider to refurbish parts of the Bela WWTW	Achieved Service provider to refurbish parts of the Bela Bela WWTW was appointed on the 5th of August 2015. (100%)		Sufficient evidence provided	Appointment letter, technical assessment report. Project close out report

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
			Assessment Recommendations).													
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Electricity	Number of Electrification Master Plan reviewed and approved by Council by 30 June 2016		KPI 36	#	1	1X Electrification Master Plan		Achieved 1X Electrification Master Plan was reviewed and approved as per Council resolution number 93/05/2016 (100%)		Sufficient evidence was provided	Council Approved Electrical Master Plan with Council Resolution
Basic Service Delivery	Resource Management of infrastructure and services	94%	84% (10 519 Households that have access to basic level of electricity)	Technical Services	Electricity	New	Percentage households with access to basic level of electricity	KPI 37	%		85.3%	Percentage households with access to basic level of electricity 85.3%	Not achieved 12 549 HH out of 15 796 HH were provided with access to basic	Implement the Revenue Enhancement Strategy	The target is confirmed as not achieved	Billing Report

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/16 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													level of electricity which translates to 79.44%			
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Electricity	% implementation of projects (Designs & EIA) for the substations) contained in the master plan by 30 June 2016		KPI 38	%	0%	100%		Achieved 100% The Designs and the EIA for the Substation has been completed and submitted and acknowledged by ESKOM during September 2015 and LEDET by 01 June 2016. (100%)		Sufficient evidence provided	Appointment letters, Approved Designs, EIA Report
Basic Service Delivery	Resource Management of infrastructure and	The target was not applicable during the 2014/2015	The target was not applicable during the 2014/2015	Technical Services	Electricity	% reduction in electricity backlog by		KPI 39	%	5%	Reduce current Backlog to less than 5%		Not achieved Electrical Infrastruc	Owners of the 126 stands have not	t	Biannual Reports on reduction of

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
	services	FY	FY			30 June 2016							ture to electrify the houses in Ext 8 is complete. And only 5 stands were electrified , 126 stands are still vacant or not occupied. (4.00%)	yet started building and or taken occupation of the stands. The electrification will then commence after the occupation of the above said stands.		Electricity Backlogs
Basic Service Delivery	Resource Management of infrastructure and services	100%	100%	Technical Services	Project Management	Completion rate as per the project plan of all capital projects identified through 2015/2016 IDP by 30 June 2016		KPI 40	%	75%	100%		Not achieved 64.29% of the projects identified for 2015/2016 in the IDP were completed. Refer to the capital projects in the projects section. (64.29%)		Target confirmed as not achieved	Quarterly Progress Reports and Completion Certificates where Applicable

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Project Management	New	Develop Project management policy by June 2016	KPI 41	#	0	New	Project management policy approved by June 2016	Achieved The Project Management Policy was developed and approved by Council as per resolutions number MC26/10/2015 (100%)		Sufficient evidence provided	Approved Project management policy with Council resolution
Basic Service Delivery	Resource Management of infrastructure and services	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Technical Services	Roads & Stormwater	Number of Municipal Roads assets Master Plan developed/ reviewed and approved by Council by 30 June 2016	Develop Municipal Roads Infrastructure Assessment Report approved by Council by 30 June 2016	KPI 42	#	Approved Municipal Roads & Storm - Water Master Plan	Revised Municipal Roads assets Master Plan approved	Municipal Roads Infrastructure Assessment Report approved	Achieved The Municipal Roads Infrastructure Assessment Report compiled and approved by Council as per resolutions number MC141/0		Sufficient evidence provided	A copy of the Approved Municipal Roads assessment Report and Council Resolution

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													3/2016 (100%)			
Spatial Rationale	Plan for the future	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Land Use Management	Number of Spatial Development Frameworks developed/ reviewed by 30 June 2016		KPI 43	#	Spatial Development Framework approved in 2011	Revised Spatial Development Framework Draft Approved		Achieved The Draft Spatial Development Framework is approved by Council as per Resolution Number SMC100/05/2016 (100%)		Sufficient evidence provided	Copy of Revised SDF accompanied by Council Resolution
Spatial Rationale	Plan for the future	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Land Use Management	Percentage of Land Use & Land Development applications meeting all requirements approved within legislative timeframes by 30 June 2016		KPI 44	#	92%	100%		Achieved 100% 30 applications that met the requirements of different Town Planning Legislations were received and		Sufficient evidence provided	Copy of the Register of all Applications Received and Approved

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													approved within the legislative timeframe. (100%)			
Spatial Rationale	Plan for the future	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Land Use Management	Number of Spatial Development Frameworks (SDF) and Land Use Management Skills (LUMS) revised and approved as Drafts by 30 June 2016		KPI 45	#	2008 LUMS & 2011 SDF	1x SDF & 1x LUMS revised and approved as drafts		Achieved 1x SDF & 1x LUMS were revised and approved as Drafts as per Council Resolution Number SMC100/05/2016 (100%)		Sufficient evidence provided	Revised Draft SDF & LUMS with Council Resolutions
Spatial Rationale	Plan for the future	100%	47% (47 Out of 102 building plans meeting all requirements were approved within 30 days)	Planning & Economic Development	Building Control	Percentage of building plans meeting all requirements approved within 30 days by 30 June 2016		KPI 46	%	94%	100%		Achieved 100% 136 applications that met the requirements of the National Building and Regulatio		Sufficient evidence provided	Copy of the Register of all Building Plans Received and Approved

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													n Act No 103 of 1977 were received and approved within 30 days (100%)			
Spatial Rational	Plan for the future	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Human Settlement	Number of informal Settlements formalized by 30 June 2016		KPI 47	#	7	1		Achieved Phase one of the installation of bulk infrastructure has been completed. The second phase which includes the construction of houses will commence during the 2016/2017 FY (100%)		Sufficient evidence provided	Report on the Formalization of Informal Settlement

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Spatial Rationale	Plan for the future	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Planning & Economic Development	Human Settlement	Number of Partitions (in Hectors) of land required for Human Settlements developed by 30 June 2016		KPI 48	#	1 at Ext 25 purchased by HDA	1 (Rodekuil Farm) purchased by COGSHTA for BBLM		Achieved The Municipality received confirmation 72Hectors of Land purchased for Human Settlement for Bele-Bela Local Municipality from the CoGHSTA (100%)		Sufficient evidence provided	Copy of the Purchase Agreement
Good Governance and Public Participation	Improve administrative and governance capacity	Obtain Unqualified Audit Opinion	100% The municipality obtained the Qualified Audit Opinion for the 2013/14 FY	Municipal Manager	Audit	Number of Unqualified Audit Outcome received from AG for the 2014/2015 FY		KPI 49	#	2013/2014 Unqualified Audit Outcome	1X Unqualified Audit Opinion		Achieved The Municipality obtained Unqualified Audit Opinion for the 2014/2015 Financial Year (100%)		Sufficient evidence provided	2014/2015 Auditor General Report

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/16 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during 2014/2015 FY	The target was not applicable during 2014/2015 FY	Budget & Treasury	Accounting Services	New	Develop Action Plan for 2014/2015 AG Audit Queries by 30 January 2016	KPI 50	#	1x 2013/2014 Action Plan	Develop Action Plan for 2014/2015 AG Audit Queries by 30 January 2016	1x Action Plan for 2014/2015AG Audit Queries	Achieved 1x Action Plan for 2014/2015AG Audit Queries was developed and approved by Council as per Council Resolution Number MC107/01/2016 (100%)		Sufficient evidence provided	2014/2015 Action Plan with Council Resolution
Good Governance and Public Participation	Improve administrative and governance capacity	100% reduction of AG audit queries raised during the 2013/14 audit	96% 52 out of 54 queries raised during 2013/2014 FY were resolved	Municipal Manager	Audit	% of Audit Queries satisfactorily addressed by 30 June 2016		KPI 51	%	100% of Audit Queries from the 2013/14 Financial Year addressed	100% of the Audit Queries from the 2014/15 Financial Year fully addressed.		Not Achieved 95% The Municipality receive 42 queries and resolved 40 queries which amounts to 95%	The Municipality is continuously striving to address the remaining queries.	The targets is confirmed as not achieved	Approved Audit Action Plan reporting on progress on resolution of the Audit Queries

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													(95%)			
Good Governance and Public Participation	Improve administrative and governance capacity	2013/14 Risk Plan developed and approved	2013/14 Risk Plan developed and approved by Council	Municipal Manager	Risk Management	Number of Risk Management Plan, Developed and approved by Council by 30 June 2016		KPI 52	#	2015/16 Council Approved Risk Management Plan	1x 2016/2017 Risk Management Plan Developed by 30 June 2016		Achieved 1x 2016/2017 Risk Management Plan Developed and approved by Council as per Council Resolution Number SMC92/05/2016 (100%)		Sufficient evidence provided	2016/2017 Approved Risk Management Plan with Council Resolution
Good Governance and Public Participation	Improve administrative and governance capacity	4 x Risk Management Committee meetings	4 x Risk Management Committee meetings held	Municipal Manager	Risk Management	Number of Risk Management Committee (RMC) meetings held by 30 June 2016		KPI 53	#	4 RMC meetings	4 RMC meetings		Achieved 4x RMC meetings were held as follows: 28 October 2015 19 November 2015 18 February 2016 and 11 May 2016		Sufficient evidence provided	4 Set of Minutes and Signed Attendance Registers

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Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													(100%)			
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during 2014/2015 FY	The target was not applicable during 2014/2015 FY	Municipal Manager	Risk Management	Number of Fraud and Anti-Corruption Strategy developed and approved by Council by 30 June 2016		KPI 54	#	Approved Fraud and Anti-Corruption Strategy	1 X Fraud and Anti—Corruption Strategy reviewed		Achieved 1 X Fraud and Anti—Corruption Strategy reviewed and approved by Council as per Council Resolution Number SMC92/05/2016 (100%)		Sufficient evidence provided	A Copy of Approved Fraud and Anti-Corruption Strategy accompanied by Council Resolution
Good Governance and Public Participation	Improve administrative and governance capacity	4x Audit and Performance Audit Committee meetings held by 30 June 2015	4x Audit and Performance Audit Committee meetings held by 30 June 2015	Municipal Manager	Audit Committee	Number of Audit (AC) Committee Meetings held by 30 June 2016		KPI 55	#	4 AC meetings	4 AC meetings		Achieved 4x Audit Committee meetings were held as follows: 09 July 2015 18 August 2015 13 April		Sufficient evidence provided	4 Set of Minutes and Signed Attendance Registers

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													2016 and 20 June 2016 (100%)			
Good Governance and Public Participation	Improve administrative and governance capacity			Municipal Manager	Performance Audit Committee	Number of Performance Audit (PAC) Committee meetings held by 30 June 2016		KPI 56	#	2 PAC meetings	2 PAC meetings		Achieved 2x PAC meetings were held as follows: 15 February 2016 and 18 August 2015 (100%)		Sufficient evidence provided	2 Set of Minutes and Signed Attendance Registers
Good Governance and Public Participation	Improve administrative and governance capacity	4x MPAC meetings	4x MPAC meetings held	Municipal Manager	Municipal Public Account Committee(MPAC)	Number of MPAC meetings held by 30 June 2016		KPI 57	#	4 MPAC meetings	4 MPAC meetings		Achieved 5x MPAC meetings were held as follows: 1st February 2016, 24 February 2016, 25 February and 29 February 2016 (125%)		Sufficient evidence provided	4 Set of Minutes and Signed Attendance Registers
Good Governa	Improve administ	The target was not	The target was not	Municipal		Number of AFS		KPI 58	#	1x AFS (2013/20	1x AFS (2014/15)		Achieved		Sufficient evidence	AFS and Proof of

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
ce and Public Participation	rative and governance capacity	applicable during the 2014/2015 FY	applicable during the 2014/2015 FY	Manager		compiled and submitted to AG by 30 August 2015				14)			1x 2014/15 AFS were compiled and submitted to the AG on the 31st of August 2015 [100%]		provided	Submission to AG
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management & Reporting	Number of Annual Performance Report compiled in terms of Section 46 of MSA and submitted to Auditor General by 30 August 2015		KPI 59	#	1 (2013/14) Annual Performance Report	1 (2014/15) Annual Performance Report		Achieved 1x 2014/2015 Annual Performance Report was compiled and submitted to the Auditor General by 31st of August 2015 [100%]		Sufficient evidence provided	2014/2015 Audited Annual Performance Report with Council Resolution
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management & Reporting	Number of Annual Reports compiled in terms of Section 127 of the		KPI 60	#	1 (2013/2014) Annual Report)	1 (2014/2015) Annual Report		Achieved 1x 2014/2015 Annual Report was		Sufficient evidence provided	2014/2015 Annual Report with Council Resolution

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
						MFMA and tabled to Council by 30 January 2016							compiled and tabled to Council as per Council Resolution Number MC107/07/2016 on the 28th of January 2016 (100%)			
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management & Reporting	Number of Oversight Report compiled in terms of Section 129 of the MFMA and tabled to Council by 30 March 2016		KPI 61	#	1 (2013-2014) Oversight Report	1X (2014-2015) Oversight Report		Achieved 1x Oversight Report was compiled in terms of Section 129 of the MFMA and was tabled to Council on the 31st of March 2016 as per Council Resolution Number MC156/03/2016		Sufficient evidence provided	2014/2015 Oversight Report with Council Resolution

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance (100%)	Corrective Measure	Internal Audit Review	Evidence Required
Good Governance and Public Participation	Improve administrative and governance capacity	2013/14 SDBIP to be approved by the Mayor in July 2013	2013/14 SDBIP approved by the Mayor on the 26 June 2013	Municipal Manager	Service Delivery & Budget Implementation Plan (SDBIP)	Number of 2016/2017 SDBIP approved by the Mayor 28 days after the approval of the Budget		KPI 62	#	1x 2015/16 Approved SDBIP	1x 2016/17 Approved SDBIP		Achieved 1x 2016/2017 SDBIP was approved on the 28th of June 2016 (100%)		Sufficient evidence provided	1x 2016/17 Approved SDBIP
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management & Reporting	Number of quarterly SDBIP performance reports compiled in terms of Section 52 (d) of the MFMA and tabled to Council by 30 June 2016		KPI 63	#	4 Quarterly SDBIP Reports	4 Quarterly SDBIP Reports		Achieved 4 Quarterly SDBIP Reports were compiled and tabled to Council (100%)		Sufficient evidence provided	Quarterly Reports with Council Resolutions
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management & Reporting	Number of Back to Basics Reports and the Action Plan compiled and submitted to CoGTA by 30 June		KPI 64	#	8 Back to Basics Reports and the Action Plan submitted to CoGTA	12 Back to Basics Reports and the Action Plan submitted to CoGTA		Achieved 12 x back to Basics Reports and the Action Plan were submitted to CoGTA		Sufficient evidence provided	Reports and the Proof of Submission

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
						2016							(100%)			
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management (PM)	Number of Performance Management Systems (PMS) Framework /Policy Developed/ Reviewed and approved by Council by 30 June 2016		KPI 65	#	Current Performance Management Systems (PMS) Framework/Policy	1x PMS Framework /Policy reviewed		Achieved The PMS Framework was approved during the approval of the 2016/2017 IDP (100%)		Sufficient evidence provided	Council Approved PMS Framework/Policy with Council Resolution
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management	Number of Performance Agreements signed by the Municipal Manager and Senior Managers by 30 July 2016		KPI 66	#	3	4		Achieved 5x performance Agreements for The Chief Financial Officer, Manager: Planning & Economic Development and Technical Services, Municipal Manager and Acting Manager		Sufficient evidence provided	Copies of Signed Performance Agreements

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													Contribute to a Social Services as well as for the Acting Municipal Manager Concrete were signed (150%)			
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Performance Management	Number of individual performance reviews for Senior Managers conducted by 30 June 2016		KPI 67	#	2	4		Not achieved 1x Annual individual performance assessments for senior managers were conducted on the 19th of October 2015 (25%)	The Annual individual performance assessments will be conducted during October 2016	The target was confirmed as not achieved	Reports of the Performance Reviews and Signed Attendance Registers
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Reporting	Number of Organizational Structure reviewed and approved		KPI 68	#	2015/16 Approved Organizational Structure	1X 2016/17 Approved Organizational Structure		Achieved 1X 2016/2017 Organizational		Sufficient evidence provided	2016/17 Approved Organizational Structure with Council

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
						by Council by 30 May 2016							Structure was reviewed and approved by Council on the 31st of May 2016 as per Council Resolution Number SMC96/05/2016 (100%)			Resolution
Good Governance and Public Participation	Improve administrative and governance capacity	100%	99.40% 155 out of 156 Council Resolutions implemented.	Municipal Manager	Reporting	Percentage implementation of Council Resolutions by 30 June 2016		KPI 69	%	0	100%		Not achieved 91% Total of 207 resolutions were received and 190 were implemented. (91%)	The implementation of the outstanding 10 resolutions is in progress.	The target was confirmed as not achieved	Resolutions Register
Municipal Institutional Development and	Improve, Attract, develop and retain human	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	Human Resources	Number of Senior Management posts filled by 30 June 2016		KPI 70	#	4 positions of Senior Managers filled, Municipa	2x positions of Manager Corporate Services and Manager		Not achieved The two vacant positions	The two vacant positions will be filled during	Sufficient evidence provided	Approved Organogram with Council Resolutio

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Transformation	capital									l Manager, Chief Financial Officer, Manager Technical Services and Manager for Planning & Economic Development.	Social Services		of the Manager Corporate Services and Manager Community & Social Services were not filled the recruitment processes took longer than anticipated (0%)	February 2017		ns, Appointment Letters & Employment Contracts.
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	85%	58% (68.24%)	Corporate Services	Human Resources	Percentage reduction in vacancy rate by 30 June 2016		KPI 71	%	24%	18%		Achieved 24% The Municipality has 124 vacancies and filled 33 (368.50%)		Sufficient evidence provided	Report on the Vacancy Rate

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	**28** people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved EEP	(18%) 5 Positions on the three highest levels of Management were filled in line with the Employment Equity Plan	Corporate Services	Human Resources	Number of people from Employment Equity Groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan by 30 April 2016		KPI 72	#	28	5		Not achieved 1x Employee from the Employment due to non-responsiveness of the applicants Equity Group was employed during 2015/2016 FY **(20%)**	The Municipality will continue with the implementation of the Employment Equity Plan.	Sufficient evidence provided	4 X Quarterly Reports Appointment letters
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	Human Resources	New	Number of Employment Equity Report compiled and submitted to Dept. of Labour by October 2015	KPI 73	#	1	New	1x Employment Equity Report	Achieved 1x Employment Equity Report was compiled and submitted to the Department of Labour on		Sufficient evidence provided	Copy of the Report and the Proof of Submission

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													the 15th of January 2016. (100%)			
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	1 476 852	93% of the allocated Budget 1 476 852 was spent as follows: Spent 1 375 972 Unspent 100 880.	Corporate Services	Training and Development	Percentage of municipality's (operating) budget actually spent on implementing its Workplace Skills Plan by 30 June 2016		KPI 74	%	100%	100%		Achieved 101% (1 780 514 out of 1 650 000) (100%)		Sufficient evidence provided	Reports
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	Training and Development	Number of Workplace Skills Plan submitted to LGSETA by 30 April 2016		KPI 75	#	1	1		Achieved 1x Workplace Skills Plan was submitted to LGSETA on the 5th of May 2016. (100%)		Sufficient evidence provided	Approved Workplace Skills Plan ; Proof of Submission to LGSETA
Municipal Institutional	Improve, Attract, develop	The target was not applicable	The target was not applicable	Corporate Services	Policies Review and Developme	New	Number of HRM & HRD	KPI 76	#	0	1x Revised	1 HRM & HRD	Not achieved	The HRM & HRD	The target is	Approved HR & HRD

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
nal Development and Transformation	and retain human capital	during the 2014/2015 FY	during the 2014/2015 FY		nt		Strategy reviewed and approved by Council by 30 June 2016					Strategy reviewed and approved by Council by 30 June 2016	The Strategy was not reviwed due to financial constraints (0%)	Strategy will be developed in the 2016/17 financial year	confirmed as not achieved	Strategy with Council Resolution
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	Policies Review and Development	Number of Human Resources (HR) policies reviewed/developed by 30 June 2016		KPI 77	#	8 x Human Resources (HR) policies reviewed /developed	6 (Training ; Recruitment & Selection; Long service Award; Leave Management and Employment Equity Plan Policies)		Achieved 6 x Human Resources Policies Reviewed and developed as follows: Training; Recruitment & Selection; SCM 98/05/2016 Long Service Award MC123/03/2016; Leave Manage		Sufficient evidence provided	Council Approved Policies with Resolutions

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													ment and Employment Equity Plan Policies 125/03/2016 and OHS Policy with resolution number 124/03/2016 **(100%)**			
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	By -Laws	Number of By-Laws reviewed /developed and gazetted by 30 June 2016		KPI 78	#	15	6 SPLUMA, Outdoor Advertising, Street Trading, House/Spaza Shops, Building Control, Eradication of Informal Settlement Alienation of Municipal Land and Electricity Supply By-Laws		Not achieved The 6 By-Laws were all reviewed however they couldn't be gazetted due to financial constraints **(50%)**	The gazetting will be finalized during the 2016-2017	Although the target is not achieved sufficient evidence was provided for the actual performance reported.	Approved by Laws with Council Resolutions
Municipal Institutional	Improve, Attract, develop and	100% of litigation cases resolved by	**72%** 14 cases were	Corporate Services	Legal Services	Number of litigation Reports compiled		KPI 79	#	1	4x Litigation Reports		Not achieved 4x	The Fourth quarter litigation	The target is confirmed as not	Reports with Council Resolutio

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/16 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Development and Transformation	retain human capital	30 June 2015	reported and 10 cases were resolved			and tabled to Council by 30 June 2016							Litigation reports were compiled however only three were tabled to Council (75%)	report will be tabled to Council in September 2016	achieved	ns
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	OHS Compliances	Percentage implementation of Occupational Health and Safety Policy by 30 June 2016		KPI 80	%	30%	100%		Not achieved 7 out of the 10 recommendations received were implemented which amounts to 28% of the OHS recommendations implemented during the financial year. (70%)	Budget provided for the implementation of some of the recommendations made through OHS inspection.	The target is confirmed as not achieved	Quarterly Reports
Municipal Institutional Development and	Improve, Attract, develop and retain human	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	OHS Compliance	Development/ Review of Emergency Evacuation Plan by 30		KPI 81	#	0	1x Emergency Evacuation plan developed/reviewed		Achieved 1x Draft Emergency Evacuatio		Sufficient evidence provided	Approved Evacuation Plan with Council Resolutio

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Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Transformation	capital					June 2016							n Plan and Procedures is approved by Council as per resolution number 94/05/2016 (100%)			n
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	Local Labour Forum	Number of LLF meetings held by 30 June 2016		KPI 82	#	4 LLF Meetings held	4 LLF Meetings		Achieved 14 Local Labour Forum Meetings were held as follows: 12 August 2015, 23 February 2016, 31st March 2016, 06 May 2016, and 17 May 2016. (125%)		Sufficient evidence provided	4 sets of Minutes and Signed Attendance Registers
Municipal Institutional	Improve, Attract, develop and	The target was not applicable during the	The target was not applicable during the	Corporate Services	Council Administration and Support	Number of Scheduled Council meetings		KPI 83	#	13 (4 Ordinary and 9 Special	4 Council meetings convened		Achieved 7x (4 Ordinary		Sufficient evidence provided	Signed attendance Registers

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Development and Transformation	retain human capital	2014/2015 FY	2014/2015 FY			convened by 30 June 2016				Council meetings convened)			& 3 Special) Council meetings were held as follows: 31 July 2015, 29 October 2015, 28 January 2016, 29 February 2016, 17 March 2016, 31 March 2016, 31 May 2016. (100%)			
Good Governance and Public Participation	Plan for the future	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Integrated Development Planning	Number of 2016/2017 IDP, Budget & PMS Review Process Plan approved by 30th May 2016		KPI 84	#	Approved 2015/2016 IDP, Budget & PMS Process Plan	2016/2017 IDP, Budget & PMS Review Process Plan approved		Achieved 1x 2016/2017 IDP, Budget & PMS Review Process Plan was compiled and approved by Council as per Council Resolutio		Sufficient evidence provided	Copy of the Approved 2016/2017 IDP; Budget & PMS Process Plan

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													n Number MC 130/07/2015 **(100%)**			
Good Governance and Public Participation	Plan for the future	1 x 2015/16 IDP Approved by Council	(100%) Council approved the 2015/16 IDP on 27 May 2015 under Council Resolution **MC114/05/2015**	Municipal Manager	Integrated Development Planning (IDP)	Number of 2016/2017 IDPs approved by 30 May 2016		KPI 85	#	2015/2016 Council Approved IDP	1X 2016/2017 Council Approved IDP		Achieved 1X 2016/2017 Council IDP was compiled and approved by Council as per Council Resolution Number SMC 95/05/2016 **(100%)**		Sufficient evidence provided	Copy of the Draft 2016/2017 with Council Approved Final 2016/2017 IDP with Council Resolution
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Intergovernmental Relations	Percentage of District IGR Forums attended (as per invitation) by 30 June 2016		KPI 86	%	100%	100%		Achieved 100% 1x IGR forum was attended as per the invitation **(100%)**		Sufficient evidence provided	Invitations and Attendance Registers
Good Governa	Improve administ	3x ICT policies	9 ICT policies	Corporate Services	ICT	Number of ICT related		KPI 87	#	6	15		Achieved		Sufficient evidence	Approved ICT

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
ce and Public Participation	rative and governance capacity	developed	were developed and approved by Council as per Council Resolution Number SMC23/06/2015.			policies, frameworks, standards and guidelines reviewed YTD (30 June 2016)							The following policies were reviewed IT Disaster Recovery, 3G Policy Backup Policy IT Change Management, IT, Firewall, IT Governance Framework, IT Helpdesk Procedure, Information Security, Patch Management, IT Service Continuity, IT Steering Committee Charter ,ICT Usage,		provided	Policies with Council Resolutions

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
													Municipal Corporate Governance of ICT,ICT Project Management Policy, ICT Management Framework (100%)			
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	ICT	New	Number of ICT Steering Committee meetings convened by 30 June 2016	KPI 88	#	4x ICT Steering Committee meetings held	4x ICT Steering Committee meetings		Achieved 4x ICT Steering Committee meetings were held as follows: 29 September 2015, 23 February 2016, 17 April 2016 and 30 June 2016. (100%)		Sufficient evidence provided	Signed Attendance Registers

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Corporate Services	ICT	Number of days taken to place a document in a municipal website in compliance with Section 75 (1)of MFMA and Section 21A (1) of the MSA		KPI 89	#	2 days	2 days		Achieved All documents were placed on the Municipal Website within 48 Hours (2 days) from the date of request. **(100%)**		Sufficient evidence provided	Proof of Submission
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Communications	Number of Communications Strategy reviewed and approved by Council by 31 December 2015		KPI 90	#	Approved Communication Strategy	1 X Communication Strategy Reviewed		Not achieved 1x Draft Communications Strategy is in place, however it is not yet approved by Council. **(50%)**	The Strategy will be tabled to Council during September 2016 for approval	Although the target is not achieved sufficient evidence was provided for the actual performance reported and the target is confirmed as not achieved	Council Approved Communication Strategy with Council Resolution
Good Governance and Public Participa	Improve, Attract, develop and retain	The target was not applicable during the 2014/2015	The target was not applicable during the 2014/2015	Municipal Manager	Communications	Number of IDP Public Participation Schedule developed		KPI 91	#	Approved 2014/15 Community Participat	2015/16 Community Participation Schedule		Achieved 2015/2016 Communi		Sufficient evidence provided	Council Approved Public Participation

Key Performance Area	Strategic Goal	2014/2015 Annual Targets	2014/2015 Annual Performance	Responsible Department	Programme	Key Performance Indicator	Revised Indicator	KPI Code	Unit of Measure	Baseline	Annual Target 2015/16	Revised Annual Target	2015/2016 Actual Performance	Corrective Measure	Internal Audit Review	Evidence Required
ion	human capital	FY	FY			and advertised by 30 September 2015				ion Schedule			ty Participation Schedule was compiled and advertised on the 25th of September 2015 (100%)			Schedule with Council Resolution. Advertisement
Good Governance and Public Participation	Improve administrative and governance capacity	The target was not applicable during the 2014/2015 FY	The target was not applicable during the 2014/2015 FY	Municipal Manager	Integrated Development Planning (IDP)	Number of Community Satisfaction and Good Governance Survey Conducted by 30 June 2016	Removed due to financial constraints	KPI 92	#	0	1x Customer Satisfaction Survey and 1x Good Governance Survey		Removed due to financial constraints	The Survey was not conducted due to financial constraints therefore, the survey will be conducted during 2016/2017 Financial Year.	The target is confirmed as not achieved	Copies of customer satisfaction and Good Governance Survey reports with Council Resolution

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9. BELA-BELA LOCAL MUNICIPALITY: 2015/2016 PROJECTS

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
1	Water & Sanitation	Bela Bela: Bulk Sewer Infrastructure X9	BBLM- TSS	MIG	4 145 545		4 225 902 This amount include Retention of R3560483.70 and consultant fee of R246 331.13 plus spending to date of R3 979 571	Construction of the outfall sewer line and pump station at sewer purification plant	Achieved Project is 100% complete. 2200m Outfall Sewer line from Ext 9 to Waste Water Treatment Works (WWTW) completed. Sump and pump Station are in progress	Project implementation is multi-year with completion scheduled for August 2016, hence no completion certificate is issued.	Appointment letters, 4x Quarterly Reports and completion certificates.	Sufficient evidence provided
2	Water & Sanitation	Water Infrastructure (MWIG)	BBLM- TSS	MWIG	10 000 000		10 000 000	Installation of 3 boreholes (Tsakane, Vingerkraal	Achieved 3x boreholes		Appointment letter, 4x Quarterl	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
								and Masakhane)	*installed at Tsakane, Vingerkraal and Masakhane.*		*y Reports and the Completion Certificates*	
3	*Water & Sanitation*	*Water Pumps*	*BBLM- TSS*	*BBLM*	*500 000*		*500 000*	*Procure 4 water pumps*	*Achieved* *4x Water Pumps Procured,*	*Payment of R 533 805. 00 for this work was paid as per invoice 10090 on the 22 October 2015*	*Delivery Notes and Invoices*	*Sufficient evidence provided*
4	*Roads & Stormwater*	*CBD Roads Tarring - Phase2*	*BBLM- TSS*	*BBLM*	*12 500 000*		*9 465 792*	*CBD Roads tarring - Phase2 completed*	*Not achieved.* *Project is 51% physical progress.* *1318m of road practically*	*Contractor requested extension of time to complete the project in*	*Appointment letters, 4x Quarterly Reports and the Completion Certificat*	*Target confirmed as not achieved*

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									complete, 946m under construction.	August 2016 with penalties.	es	
5	Roads & Stormwater	Bela Bela: Upgrade Sport facilities stand 752 (Bela-Bela High)	BBLM- TSS	MIG	3 403 000	3 424 843	3 280 407	Upgrade the existing pitch from gravel to grass. Construct new dressing room, refurbish outer fence and gates, install new inner fence and upgrade the existing grand stand.	Achieved Upgraded the existing pitch from gravel to grass. Constructed new dressing room, refurbished outer fence and gates, installed new inner fence and upgraded the existing grand stand.		Completion Certificates and 2x Quarterly Reports	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
6	Roads & Stormwater	Bela Bela: Storm water – Limpopo Road	BBLM- TSS	MIG	5 500 000	4 811 078	4 869 869	Upgrading of 1.4 KM open Strom Water Channel	Achieved Upgraded 1.4 KM open Strom Water Channel		2x Quarterly Reports and Completion Certificates	Project observed and confirmed as achieved
7	Roads & Stormwater	Bela Bela: Road Paving X's 2, 7 &8	BBLM- TSS	MIG	3 518 382	1 215 180	1 022 060	Pave 1.5 KM of Road at 2, 7 &8	Not achieved. The project is multi- year at Tender Stage which is closing on the 22nd of July 2016.	The project will be completed in March 2017.	Appointment letters, 4x Quarterly Reports and the completion certificates	The target was confirmed as not achieved
8	Roads & Stormwater	Bela-Bela Landfill Road Paving	BBLM- TSS	BBLM	1 200 000	25 800	25 800	Pave the Landfill Road	Not Achieved Project designs were completed	Currently investigating possibility of MIG funding	Appointment letter, 3X Quarterly Reports and the	The target confirmed as not achieved

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									. But Project withdrawn due to budgetary constraints		Completion Certificates	
9	Electricity	Integration Electrification Programme(Build 10MVA Sub-Station)	BBLM- TSS	IEP -DoE	2 000 000		2 175 968	Designs and EIA	Achieved Designs and EIA completed and submitted to Eskom,		Appointment letter, Approved Designs and EIA. Report with Council Resolutions	Sufficient evidence provided
10	Electricity	Electrical Asset	BBLM- TSS	BBLM	500 000		89 899.	Procure 1 Mini Sub-station and 2 Electrical Transformers	Not achieved 1x Mini Sub-station and 2x Electrical Transformers were not	The Service Provider contract was terminated the Municipality will re-advertise	Delivery Notes and invoices	The target confirmed as not achieved

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									procured due to the delays from the Service Provider.	for the appointment of the tender		
11.	Community Facilities	Upgrade Sunfa Stadium	BBLM- TSS	MIG		6 728 750 (New Allocation)	1 098 755	Procurement of Consultants and Designs documentations	Achieved Consultants and Designs documentations		Appointment letter and tender advert.	Sufficient evidence provided
12.	Roads & Stormwater	Upgrade Street: Spa Park	BBLM- TSS	MIG		1 673 737 (New Allocation)	568 192	Appointment of Consultants, Designs documentations and procurement of Contractor	Achieved Consultants appointed		Appointment letter and tender advert.	Sufficient evidence provided
13.	Roads & Stormwater	Road Paving Phase 5 (Ext. 4)	BBLM- TSS	MIG		9 373 470 (New Allocation)	0.00	MIG Registration	Achieved		MIG approval	Sufficient evidence provided
14.	Roads & Stormwater	Paving of Bus Route: Rapotokwan	BBLM- TSS	MIG		5 500 000 (New Allocation)	0.00	MIG Registration	Achieved		MIG approval	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
		e										
15.	Water	New 5ml Reservoir	BBLM- TSS	MIG		7 500 000 (New Allocation)	0.00	MIG Registration	Not Achieved Appointed Service Provider to develop a technical report required by DWA prior to registration by MIG	Finalize the technical report and submit to MIG by December 2016.	MIG approval	Sufficient evidence provided
16.	Community Facilities	Upgrade Sport Facilities Stand 274	BBLM- TSS	MIG		4 887 623 (New Allocation)	0.00	Appointment of Consultants, Designs documentations and procurement of Contractor	Not achieved. Consultant appointed, designs complete.	Tender for the appointment of Contractor will be advertised during August 2016.	Appointment letter and tender advert.	Target confirmed as not achieved
17.	Roads & Stormwater	Stormwater Marikana Street (x6)	BBLM- TSS	MIG		3 354 420 (New Allocation)	0.00	MIG Registration	Not achieved		MIG approval	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
18.	Project Management	PMU Costs	BBLM- TSS	MIG		935 224 (New Allocation)	736 328.	Develop PMU Business Plan for 2016/2017 and submit to MIG for approval	Achieved PMU Business Plan for 2016/2017 was developed and submitted to MIG for approval.		Approved PMU Business plan	Sufficient evidence provided
19.	Waste Management and Cleansing	Grass Cutting Machinery	BBLM-CSS	BBLM	300 000		234 100.	Procure the Grass cutting machinery	Achieved The following 14 Grass Cutting Machinery were procured and delivered (2 Lawnmowers 10Brushcutter 1 pole pruner 1		Appointment letter of the Service Provider, Delivery Note and the Invoice	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									chainsaw)			
20.	Waste Management and Cleansing	Refuse Removal Equipment	BBLM-CSS	BBLM	600 000	0.00	236 970.	Procure 15 Mass Refuse Containers	Achieved 15 Mass Refuse Containers were procured and delivered		Appointment letter of the Service Provider, Delivery Note and the Invoice	Sufficient evidence provided
21.	Community Facilities	Bela Bela: Multi-Purpose Center	BBLM-CSS	MIG	5 246 223	8 439 130	8 433 968.93	Construction of the Administration block at the multi-purpose center	Achieved Construction of the Administration block at the multi-purpose center is complete and the completion certificate was		Appointment letters, Reports and Completion Certificates	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									issued.			
22.	Protection and Emergency Services	CCTV Cameras in CBD	BBLM-CSS	BBLM	200 000	0.00		Install the CCTV Cameras at the CDB	The project was withdrawn due to financial constraints	To propose budget for the 2018/2019 FY	Appointment Letter and the Completion Certificate	The project was withdrawn
23.	Tourism	Tourism Summit	BBLM-PED	BBLM	500 000	720 000	294 703.	Convene Tourism Summit in September 2015	Achieved The Tourism Summit was held on the 10 of September 2015		Attendance Registers and Report with Council Resolution	Sufficient evidence provided
24.	LED	Review of LED Strategy Development of Bela-Bela Growth & Development Strategy	BBLM-PED	BBLM				Approved LED Strategy	Not Achieved	The LED Strategy will be developed during the 2016/2017 FY	LED Forum adopted by Council, Services Provider Appointment letter,	Target confirmed as not achieved

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
											Approved LED Strategy with Council Resolutions	
25.	SMMEs	Establishment of Bela-Bela Business Incubation Centre	BBLM-PED	BBLM				Conduct Feasibility Study	Not Achieved	To seek funds from the LEDET and the Department of Small Business Development for conducting the feasibility study	Feasibility Study Report	Target confirmed as not achieved
26.	Revenue Management	Revenue Enhancement Strategy	BBLM-BTO	BBLM	200 000		601 920.	Development of the Revenue Enhancement Strategy	Not Achieved The Draft Revenue Enhancement Strategy is	To be tabled to the next Council sitting during August 2016	Appointment Letter, the approved revenue Strategy	Target confirmed as not achieved

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									in place, awaiting approval by Council		and the council Resolution	
27.	By-laws	Promulgating of by-laws	BBLM-CS	BBLM	600 000	300 000	0.00	Promulgate the SPLUMA, Outdoor Advertising , Street Trading , House/Spaza Shops, Building Control, Eradication of Informal Settlement, Alienation of Municipal Land and Electricity Supply By-Laws	Not achieved The 6 By-Laws were all reviewed however they couldn't be gazetted due to cash flow challenges .	The gazetting will be finalized during the 2016-2017	Public Notice inviting comments, Council approved by-laws and the Council Resolutions	Target confirmed as not achieved
28.	ICT	Network Infrastructure Refresh project. (Repairs and maintenance)	BBLM-CS	BBLM	400 000		757 031	Improvement of network performance by 30 June 2016	Achieved The Network Infrastructure Refresh project as		Assessment Reports and Council Resolution.	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									well as Repairs and maintenance was completed during October 2015.			
29	*Spatial and Town Planning*	*Revision of the Spatial Development Framework*	*BBLM-PED*	*BBLM & Ext Funding*	*1 500 000*		*720 851.64*	*Approved Draft Comprehensive Spatial Development Framework (SDF)*	*Achieved* *The draft SDF is in place, awaiting approval by Council*		*Appointment letter of the Service Provider, Draft Comprehensive SDF with Council Resolutions*	*Sufficient evidence provided*
30		*Revision of the Land Use Scheme*						*Revise the Land Use Management Scheme*	*Achieved* *The draft LUMS is in place.*		*Appointment letter of the Service Provider, Draft*	*Sufficient evidence provided*

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
											Land Use Management Scheme with a Council Resolutions.	
31		Development of the GIS for BBLM						GIS for BBLM Developed	Achieved GIS developed and installed, and training was conducted for the internal staff members.		Appointment Letter of a Service Provider, 4x quarterly reports on the implementation of BBLM implementation of GIS	Sufficient evidence provided
32	Human Resources	Access Control System	BBLM-CS	BBLM	921 600	4 500 000	3 937 480.20	Install the access control systems by 30 July 2015	Achieved The Access Control Systems was installed		Certificate on the installation of the Access Control System.	Sufficient evidence provided

No	Programme	Project/ Initiative	Responsible Department	Funding Source	2015/16 Allocated Budget	2015/2016 Adjusted Budget	2015/2016 Budget Spent	2015/2016 Annual Targets	Actual Performance by 30 June 2016	Corrective Measures	Evidence Required	Audit Review
									by 30 July 2015		Monthly Reports	
33.	Human Resources	Furnisher & Other Office Equipment	BBLM-CS	BBLM	500 000	285 070	2 85 069	Procurement of Office Furnisher	Achieved Office Furnisher procured and delivered.		Copy of an Advert, the delivery note and invoices	Sufficient evidence provided
34.	Customer Care (Unified Communications Systems)	Customer Care System	BBLM-BTO	BBLM	648 000		408 675	Installation of new telephone systems	Achieved Customer Care Unified Communications Systems was procured and installed during October 2015		Appointment letter, Assessment reports with Council Resolution and Completion Certificates	Sufficient evidence provided

10. REPORT ON THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

This section serves to reflect and evaluate the performance of the external Service Provider's in respect of provisions of the contract and the product that the Service Provider delivered for all aspects of the project scope. The Evaluation criteria are based on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation score guide on the performance of the service providers is as follows:

5	Excellent	Completion of the project before the scheduled time and within budget
4	Good	Completion of project within time frame and budget
3	Average	Completion of project within time frame but outside the allocated budget or vice versa
2	Below Average	Failure to complete the project
1	Unacceptable	Failure to commence with the project

10.1 LIST OF CAPITAL PROJECTS PER SERVICE PROVIDER

No	Service Provider	Project Name	Appointment Date	Contract Period	Locality	Start Date	End Date	Progress by 30 June 2016	Corrective Action	Score (1-5)	Responsible Department
1.	RS Construction / Mamly projects JV	Multi – Purpose Centre X6 Phase 2	6 May 2014	9 months	Bela Bela X6	September 2015	June 2016	Project completed		4	Technical Services
2.	KISS & PETHA JV	Upgrade sport facilities Stand 752	21 May 2015	26weeks	Bela Bela Proper	May 2016	January 2016	Project completed		4	Technical Services
3.	Empyreal Construction	Stormwater Limpopo street	24 April 2015	4 months	Bela Bela X6	October 2014	August 2015	Project completed		5	Technical Services
4.	UWP Consulting	Road paving X2,7,8	6 June /2015	2 years	Bela Bela X2,7 & 8	June 2015	March 2017	Tender		3	Technical Services
5.	Zenobia Trading	Bulk sewer X9	23 October /2015	8 months	Bela Bela X1	November 2015	July 2016	Construction	None	3	Technical Services
6.	GKB Design Associate	WCDM	August 2015	10 months	Bela Bela Town	September 2015	May 2016	Project completed	None	5	Technical Services

No	Service Provider	Project Name	Appointment Date	Contract Period	Locality	Start Date	End Date	Progress by 30 June 2016	Corrective Action	Score (1-5)	Responsible Department
	s										
7.	MSW consulting	Masakhane Water Supply	August 2015	10 months	Masakhane	September 2015	June 2016	Project completed	None	5	Technical Services
8.	GIBB Engineering	Bela Bela re-equip of boreholes	August 2015	10 Months	Town	September 2015	May 2016	Project completed	None	5	Technical Services
9.	GIBB Engineering	Pienaarsriver borehole development	August 2015	5 Months	Pienaarsriver	September 2015	December 2015	Project completed	None	5	Technical Services
10.	Royal Haskoning/HDV	Tsakane water Supply	August 2015	9 Months	Tsakane	September 2015	April 2016	Project completed	None	5	Technical Services
11.	Aurecon	Vingerkraal water supply	August 2015	9 months	Vingerkraal	September 2015	February 2016	Project completed	None	5	Technical Services
12.	Readira Matlala JV	CBD Roads	October 2015	6 months	town	October 2015	March 2016	Project not completed	None	2	Technical Services
13.	Akhile	Revenue enhancement strategy	01 July 2015	12 months	Bela-Bela municipality	01 July 2015	30 June 2016	Project completed	None	4	Budget and Treasury
14.	Bertobrite	Access control system	01 July 2015	3 years	Bela-bela municiplaity	01 July 2015	30 June 2018	Project on going		4	Corporate Services
15.	Intuate group	Customer care system	01 July 2015	12 months	Bela-Bela municipality	01 July 2015	30 June r 2016	Project completed	None	4	Corporate Services

10.2 LIST OF OPERATIONAL PROJECTS PER SERVICE PROVIDERS

No	Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Budget Spent	Locality	Start Date	End Date	Progress by June 2016	Reasons for any Variations	Corrective Actions	Score (1-5)	Responsible Department
1	Bidvest Waltons	Furniture	22 September 2015	3 Months	500 000	250 061	Gauteng Province	01 Oct 2015	31 Dec 2015	Completed	None	None	5	Corporate Services
2	ESRI	GIS Software	22 September 2015	9 Months	600 000	600 000	Gauteng Province	01 Oct 2015	30 June 2016	Completed	None	None	4	Planning & Economic Development
3	Plan Associates Town and Regional Planners INC.	Review of SDF & LUMS	22 September 2015	9 Months	900 000	900 000	Gauteng Province	01 Oct 2015	30 June 2016	Completed	None	None	4	Planning & Economic Development
4	Reautlwana Trading	Grass Cutting Machinery	31 October 2015	2 Months	300 000	234 100	Gauteng Province	01 Nov 2015	31 Dec 2015	Completed	None	None	5	Social & Community Services
5	I'BINI	Refuse	31 October	2 Months	600 000	270 145	Gauteng	01 Nov	31 Dec	Completed	None	None	5	Social &

No	Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Budget Spent	Locality	Start Date	End Date	Progress by June 2016	Reasons for any Variations	Corrective Actions	Score (1-5)	Responsible Department
		Removal Equipments	2015				Province	2015	2015					Community Services
6	Big time Consultants	Network infrastructure refresh project.(Repairs and maintenance	01 July 2015	2 months	757 031	757 031	Gauteng province	01 July 2015	31 August 2015	completed	none	none	5	Corporate Services

11.1 ANALYSIS

In the previous Financial Year the Municipality performance was at 100.30% currently the municipality's performance is at which culminates from the performance of the following departments: Office of the Municipal Manager which comprises of Office of the Mayor, Budget & Treasury, Corporate Services, Technical Services, Planning & Economic Development and the Community & Social Services. Detailed performance of the departments per Key Performance Areas is depicted on the table below.

Department	TOTAL Number of KPI's	KPI's Achieved	KPI's Overachieved	KPI's not achieved	Performance in Percentages
Office of the Municipal Manager	27	22		5	97.74%
Budget & Treasury	13	10	1	2	112.96%
Corporate Services	16	11		5	83.75%
Technical Services	15	11		4	90.30%
Planning & Economic Development	10	8		2	80%
Community & Social Services	8	6		2	96.21%
TOTAL	**89**	**68**	**1**	**20**	**93.50%**

As depicted on the table above, all the six Departments performed above 80% % of their pre-determined targets by the end of the 2015/16 Financial Year.

This good performance can be attributed to the Management's continued Monitoring, Evaluation and directive after the Mid-Year Budget and Performance Assessment, that all the Departments should ensure drastic improvements towards attainment of their respective targets in the third and fourth Quarters respectively so as to realize or even surpass the 93.83% Annual Target for Institutional Performance.

11.1. **Contributing factors to the underperformance by the municipality in some Key Performance Indicator (KPI's).**

Whilst the Municipality evidently performed well, there were some indicators, although very few where the Municipality did not perform at all. Key amongst the contributing factors was that the Municipality also had financial constraints which led to the suspension of some projects which were meant to be implemented in the financial year under review. Those projects have since being planned for implementation in the subsequent Financial Year.

In majority of the Indicator out of the 27 which were under performed, there was substantial work done even though not to the targeted levels. Hence they were recorded as underperformance, but the actual percentage in terms of work done contributed immensely to the Institutional performance.

11.2. Remedial actions to address the highlighted challenges

All the remedial actions as indicated by the respective Departments will be duly implemented as part of the new Five (5) Year Integrated Development Plan (IDP) and MTREF respectively of the Municipality, and will be monitored through the Service Delivery and Budget Implementation Plan (SDBIP).

12. CONCLUSION

Notwithstanding teething challenges, Bela-Bela Local Municipality served its constituent Community with distinction during the 2015/2016 financial year. This report clearly demonstrates the commitment of the municipality to ensure that the local community have access to their basic needs, as enshrined in the 1996 The Constitution of Republic of South.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report to Council and the local community demonstrates the ability of the Bela-Bela Municipality to adapt to the ever changing socioeconomic needs of the local community.

Due to various challenges, few of the planned targets (refer to ARP) could not be met. The Municipality has already put in place corrective actions in response to these unachieved targets for implementation in the 2015/2016 IDP; Budget and SDBIP respectively, and will duly report to Council through its Governance Structures on the progress made to address those targets. It should also be noted that the Municipality has received additional MIG allocation of R39 million due to its excellent performance on the implementation of MIG projects.

I wish to extend my gratitude to the Municipal Council, Executive Committee, Portfolio Committees the Management Team as well as to all the employees of the Bela-Bela Local Municipality who diligently and competently assisted to ensure that our Municipality is well on its way to become "A Place of Excellence" in all its Service Delivery and Governance processes.

Our Governance approach is that of continuous learning from our experiences and those of other well performing Municipalities across the Country, as we embark on our journey of Good Corporate Governance, characterised by improved quality of livelihoods in all the neighbourhoods therein.

END

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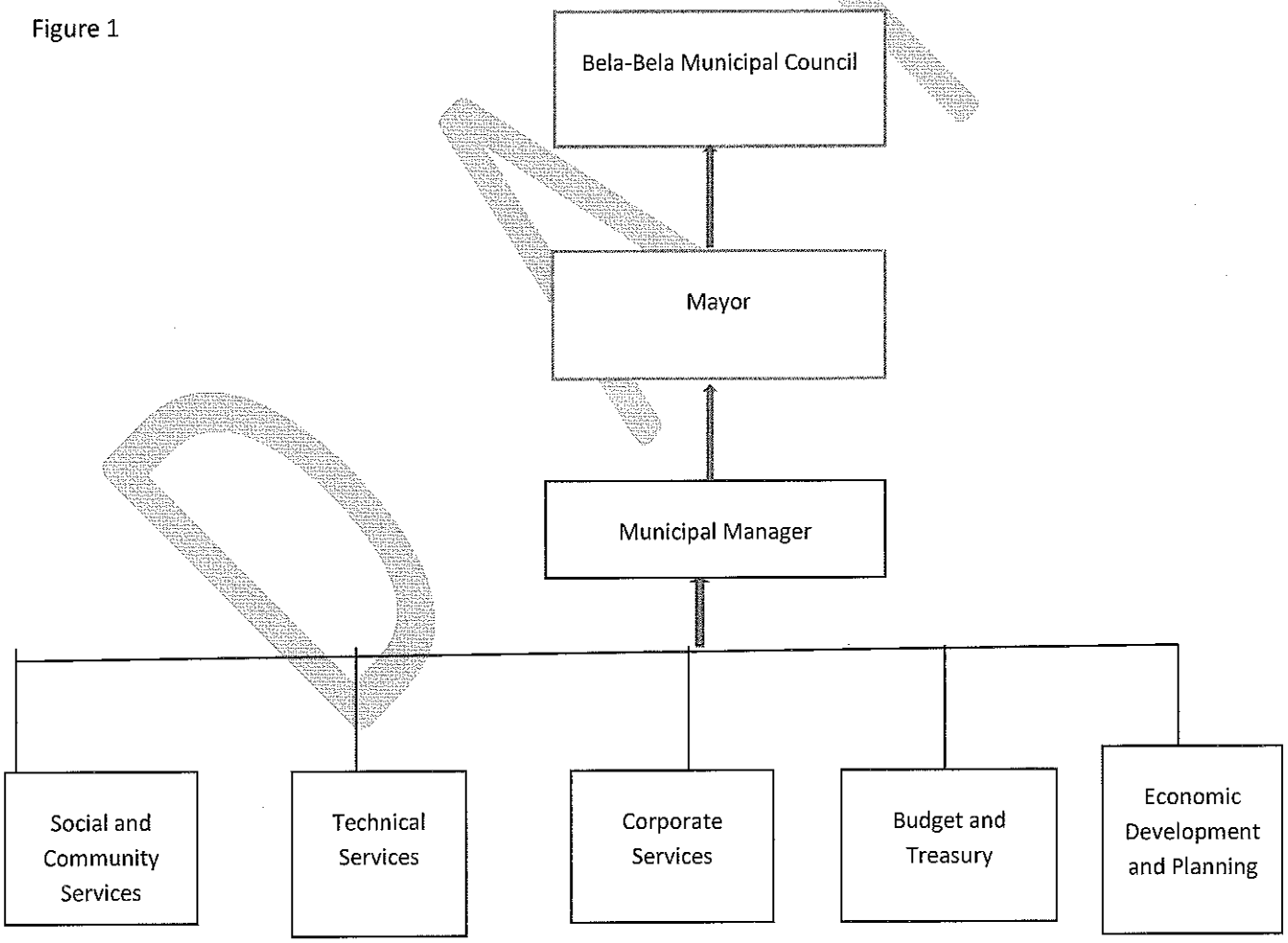
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1 INTRODUCTION

The municipality had a staff compliment of 523 as provided in the revised Organogram. The municipal organogram makes provision for a Municipal Manager, five Senior Managers (Head of Departments), and two additional Managers which is the Manager Legal Services and Manager Electrical Services. Furthermore the organogram also make provision for 19 Middle Managers (Divisional Heads)

Figure 1



COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.2 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The Municipality managed to appoint 8 permanent staff members and 5 contract employees during the 2015/16 financial year, although most posts were advertised they could not be filled due to financial constraints. The tables below provide details of employee totals, vacancy rate and the staff turnover.

Table 1 Employee Totals

Employees					
Description	2014/15	2015/16			
	Approved Posts	Approved Posts	Employees	Variance	Variance
	No.	No.	No.	No.	%
Water	38	34	25	09	26%
Waste Water (Sanitation)	48	54	51	03	0.05%
Electricity	44	50	41	09	18%
Waste Management	51	67	49	18	26.8%
Housing	11	09	07	02	22%
Waste Water (Storm water Drainage)	11	17	08	09	52%
Roads	38	30	21	09	30%
Transport/Fleet Management	3	04	01	03	75%
Planning	4	04	03	01	25%
Local Economic Development	4	05	03	02	40%
Planning (Strategic & Regulatory)	2	05	03	02	40%
Community & Social Services	5	08	06	02	25%
Protection & Emergency	40	48	32	16	33%
Parks, Sport and Recreation	41	44	36	08	18%
Corporate, Budget, MM, Audit and Other	130	119	90	29	24%
Totals	**470**	**498**	**376**	**122**	**32%**

Table 2 Vacancy rate

VACANCY RATE 2015/2016		
Designations	*Total Approved Posts	*Variances (Total time that vacancies exist using fulltime equivalents)
	No.	No.
Municipal Manager	1	0
CFO	1	0.
Other S56 Managers (excluding Finance Posts)	4	2
Other S56 Managers (Finance posts)	0	0
Municipal Police	0	0
Fire fighters	2	1.14
Other management: Levels 1-3 (excluding Finance Posts)	16	0
Senior management: Levels 1-3 (Finance posts)	13	3
Highly skilled supervision: levels 4-6 (excluding Finance posts)	40	19
Highly skilled supervision: levels 4-6 (Finance posts)	13	7
Total	**90**	**35.7%**

Table 3 Turnover rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate%
	No.	No.	
2015/2016	377	17	4.5

COMMENT ON VACANCIES AND TURNOVER:

During 2015/2016 financial year the Municipality had 17 termination of services. The terminations were due to the following reasons: 7 reached retirement age, 1 contract expired, 2 were dismissed, and 1 death case with 8 resignations. With regard to high rate of resignations it is recommended that the Municipality develop systems to retain staff and should also be able to support the current human capital.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality managed to develop four policies during the financial year under review which are as follows, EAP policy, Employment Equity Policy, Long Service and Scarce skills policy. The following policies were also reviewed in 2015/16 financial year Leave Policy, Overtime and Recruitment and Selection Policy. The table below depicts the details of policies managing human capital within the Municipality

Table 4 Policies

No	Policy Name	Status
1	Recruitment and Selection Policy	Approved
2	Staff Retention Policy	Approved
3	Overtime Policy	Approved
4	Training Policy	Approved
5	HIV AIDS Policy	Approved
6	Occupational Health and Safety Policy	Approved
7	Code of Conduct	Approved
8	Travelling Allowance Policy	Approved
9	Stand-by Allowance	Approved
10	Cell phone Allowance	Approved
11	Dress Code Policy	Approved
12	Funeral Assistance Policy	Approved
13	Employment Equity	Approved
14	Disciplinary Code and Procedure Policy	Approved
15	Long service Recognition Policy	Approved
16	Scarce Skills Policy	Approved
17	EAP Policy	Approved

4.2.1 COMMENT ON INJURY AND SICK LEAVE:

For the financial year under review 224 injury leave days were taken by 2 employees who were injured on duty. Awareness campaigns and employee wellness programmes have been initiated by the Municipality to alert employees on how to avoid health hazards. The Municipality appointed its own occupational doctor from July 2015, when employees get injured at work they are taken to the doctor for assessment and submit reports to the Municipality. The reports are then kept in to the employees file for records. Capacity building was also

identified as a means of reducing injuries on duty. The table below provide details of injuries on duty and the sick leave days taken during 2015/2016 financial year.

Table 5 injury on duty and sick leaves

Number and Cost of Injuries on Duty 2015/2016						
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost	
	Days	No.	%	Days	R'000	
Required basic medical attention only	98	2	0.89	0.43	37002.84	
	126			0.56	47575.08	
Temporary total disablement						
Permanent disablement						
Fatal						
Total	224	2	0.89	0.99	84577.92	

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Senior management (Levels 0-2)	178	000	13	19	9.36	333 996.37
Highly skilled supervision (Levels 3-5)	195	0.04	24	35	5.71	212 981.31
Highly skilled production (levels 6-8)	196	4.3	29	68	2.88	165 795.22
Skilled (levels 9-12)	209	1.43	21	50	4.18	130 075.20
Lower skilled(Levels 13-17)	1619	0.8	158	200	8.0	653 572.11
MM and S56	2	0	1	4	0.25	4 796.44
Total	**2 399**	**6.57**	246	376	30.27	**1 501 216.65**
* - Number of employees in post at the beginning of the year						
*Average calculated by taking sick leave in column 2 divided by total employees in column 5						

4.2.2 COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The Municipality adheres strictly to the provisions of the Disciplinary Code Collective Agreement. There are currently no employees on suspension. The below table depicts the current status of all the pending personnel matters. The reported matters are being attended to and any delays are solely caused by unforeseen circumstances beyond the control of the Employer.

Table 6 Personnel Matters

NO	CLAIMANT / PLAINTIFF/ APPLICANT	PERIOD OF SUSPENSION	SUMMARY OF THE CASE AND PROGRESS	RESPONSIBLE ATTORNEY
1.	LN NYAMBENI	January 2014 – October 2014	Mr. Nyambeni was previously employed as the Manager Technical Services and was subsequently dismissed on 28 October 2014. Mr Nyambeni has instructed his attorneys to proceed at the Bargaining Council.	Moloto Attorneys
2.	SAMWU on behalf of (obo) SEPHUMA	N/A	The Employee is charged with 2 counts of gross dishonesty and gross negligence. Matter is on-going	Internal Legal Department
3.	SAMWU obo	N/A	The Employee is charged with 2 counts of gross dereliction of duties. Matter is on-going	Internal Legal Department

4.2.3 PERFORMANCE REWARDS

4.2.3.1 COMMENT ON PERFORMANCE REWARDS

As already indicated in Component K under Organizational Score Card the municipality established a Performance Management Systems (PMS) as per the provisions of 38 and 41 of the Local Government Municipal Systems Act (MSA) No 32 of 2000. As guided by Section 41 (c) (i) (ii) whereby the municipality is required to monitor, measure and review performance at least once in a year. The municipality monitored its performance based on the developmental priorities and objectives as approved in the IDP, Budget and the Organizational Score Card. The monitoring of performance was also done through the compilation and submission of the quarterly reports to Council.

Furthermore, it should be noted that during the financial year under review the municipality had four fully appointed Senior Managers, the Municipal Manager, Manager for Planning & Economic Development, Technical Services and the Chief Financial Officer. The positions of the Manager Community & Social Services and Manager Corporate Services were vacant hence the appointment of acting managers. In order to comply with the provisions of Section 38 (a) (i) and 41 (c) (ii) of the MSA the Municipality made budget provisions for performance rewards for 2015/2016 Financial Year.

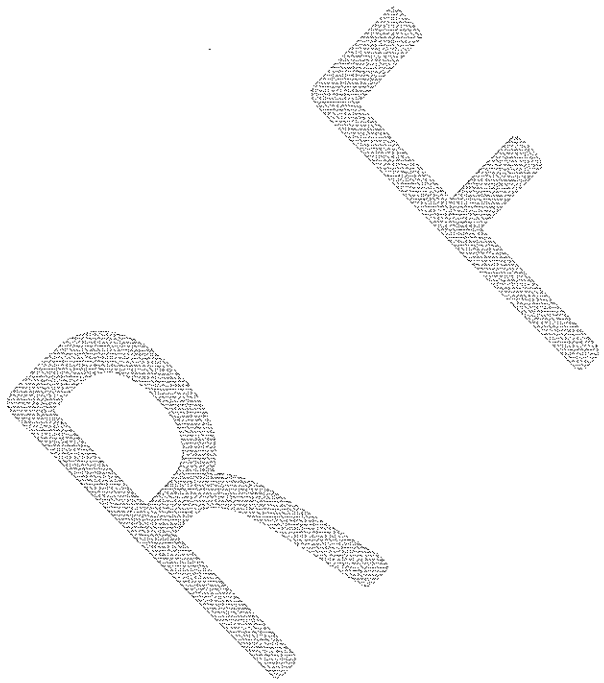
The 2015/2016 Annual Performance Reviews shall be conducted during February 2017. In case of Managers qualifying for performance bonuses, such reimbursement will be made after the final approval of the 2016/2017 Annual Report and the Oversight Report by Council in compliance with the provisions of Sub-Regulation 8 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, of 2006 as amended.

4.2.4 DISCLOSURES OF FINANCIAL INTERESTS

During 2015/2016 Financial Year the Municipality complied with the requirements of Schedule (2) subsection (5) of the Municipal Systems Act no 32 of 2000. The table below depict the details of the disclosures.

Table 7

Disclosures of Financial Interests		
Period 1 July to 30 June of 2015/2016		
Position	Name	Descriptionn of interest
(Executive) Mayor	Cllr ML Nhlapo	Nil
Member of MayCo / Exco	Cllr MJ Ngobeni	Nil
	Cllr JF Van Der Merwe	Interest in a trust
Councillor	Cllr P Mahlangu	Nil
	Cllr TE Mokonyane	Nil
	Cllr RM Radebe	Nil
	Cllr GT Malete	Nil
	Cllr SE Maluleka	Nil
	Cllr LR Mpete	Nil
	Cllr FS Hlungwane	Funeral undertaker
	Cllr MH Ledwaba	Nil
	Cllr MJ Sesane	Nil
	Cllr WKR Mokgethoa	Nil
	Cllr Senosha	Nil
	Cllr MN Ras	Interest in a trust, Directorship and
	Cllr KB Alberts	Nil
	Cllr PM Aphane	Nil
Municipal Manager	MM Maluleka	Land and property, shares
Chief Financial Officer	S Kgatla	
Other S56 Officials	P Raputsoa	Nil
	FR Ntekele	Property
Other Managers below Section 56	MA Serote	Nil
	A Tshabalala	Nil



Chapter 6

CHAPTER 5 – FINANCIAL PERFORMANCE

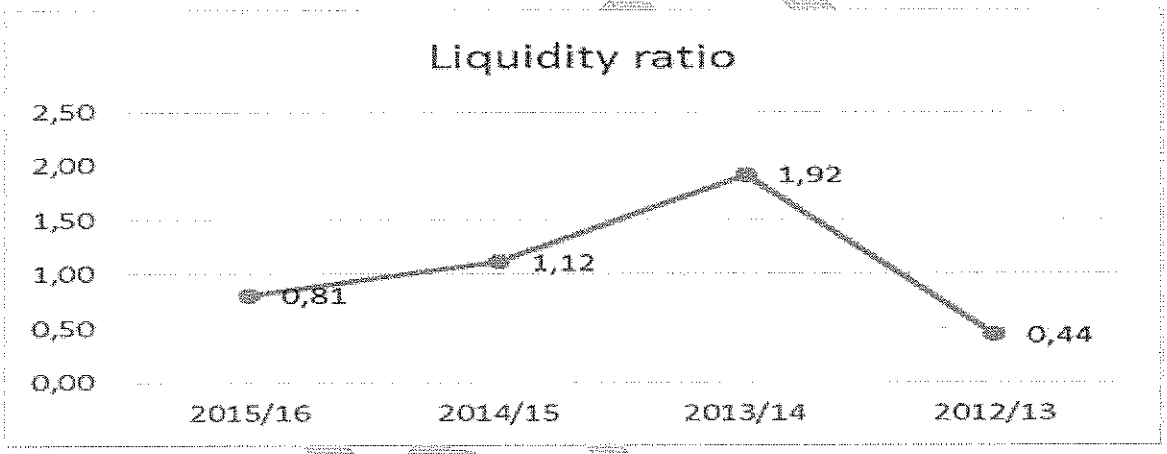
5.1 INTRODUCTION TO FINANCIAL PERFORMANCE

The financial statements are disclosed in detail under chapter six of the annual report.

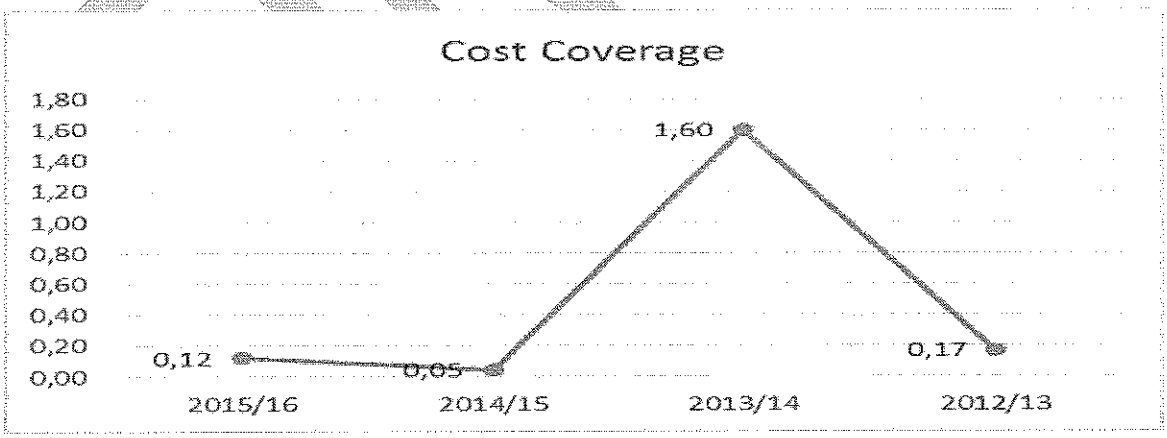
5.1.1 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

The graphs below depicts the financial performance analyzed in terms of the financial ratios.

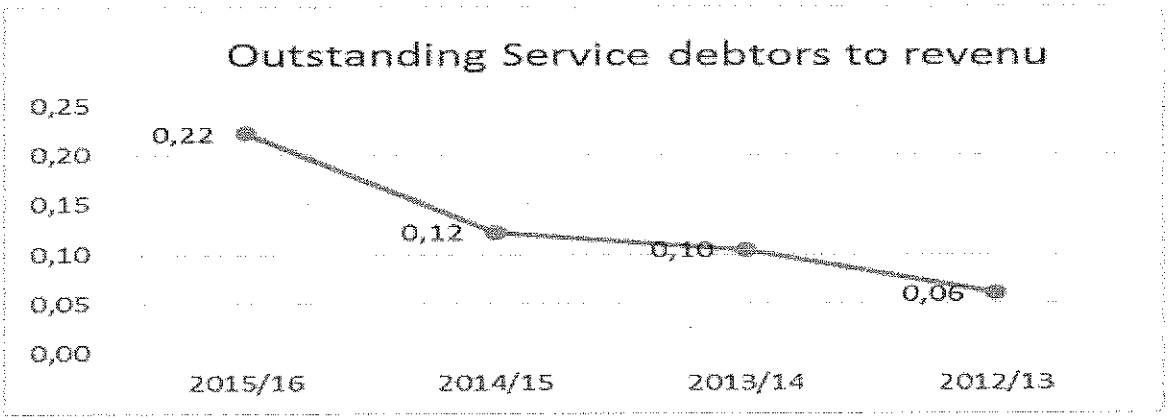
Graph 1



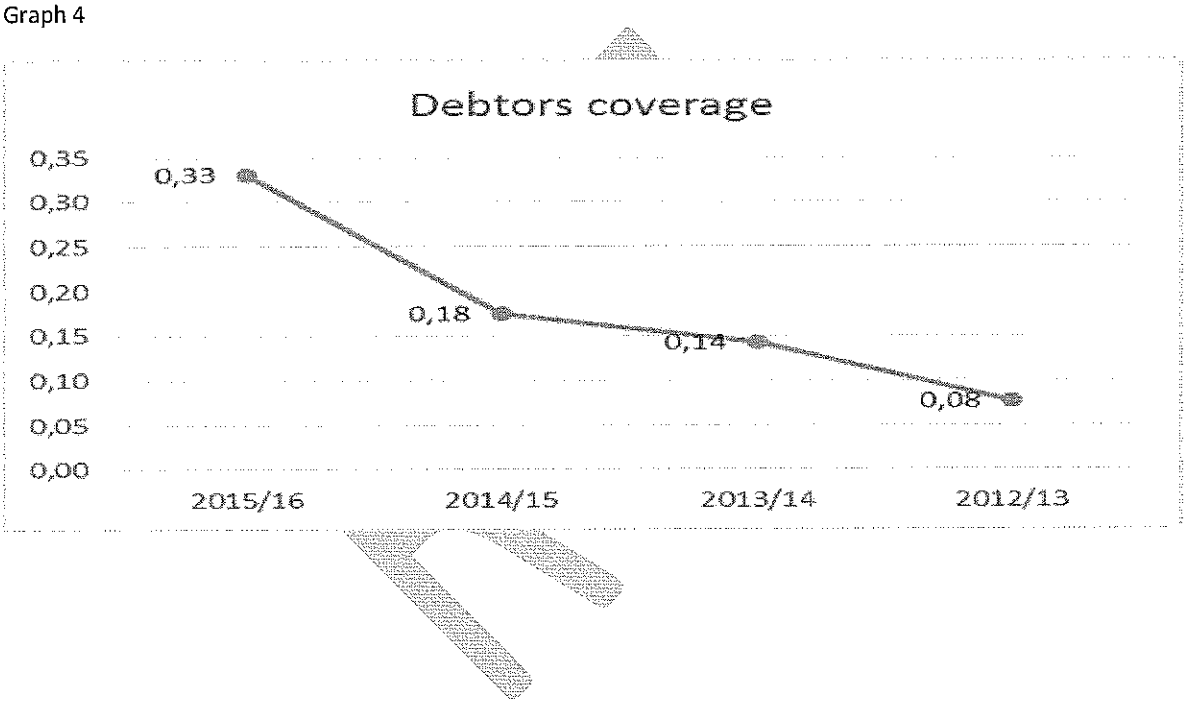
Graph 2



Graph 3

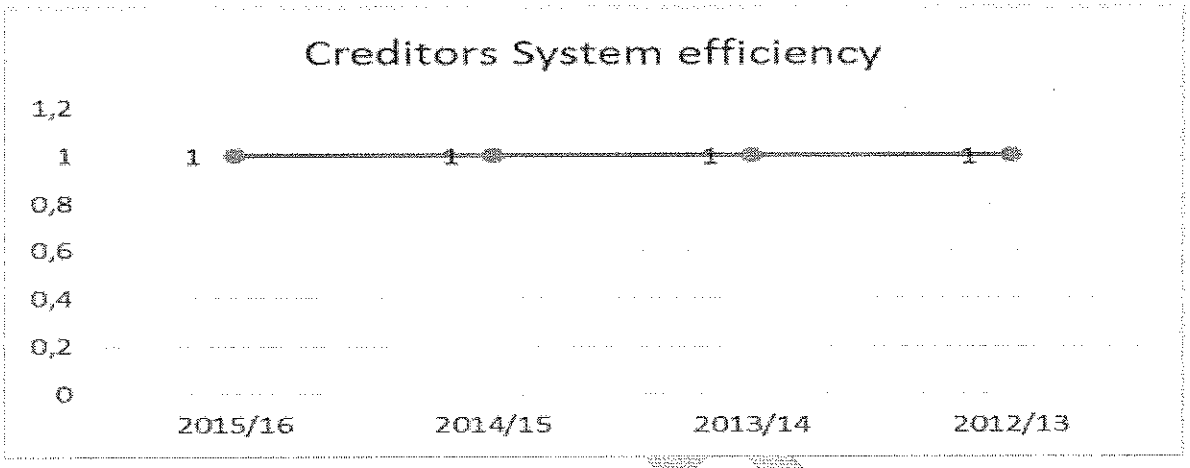


Graph 4

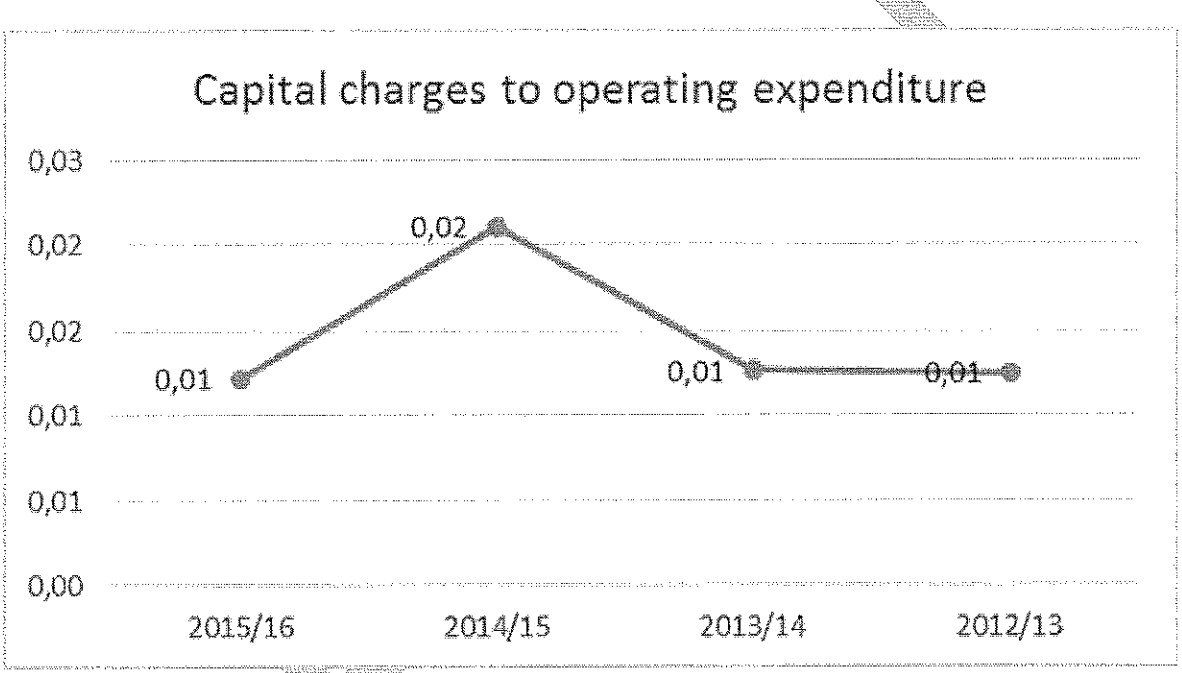


Graph 5

Chapter 6

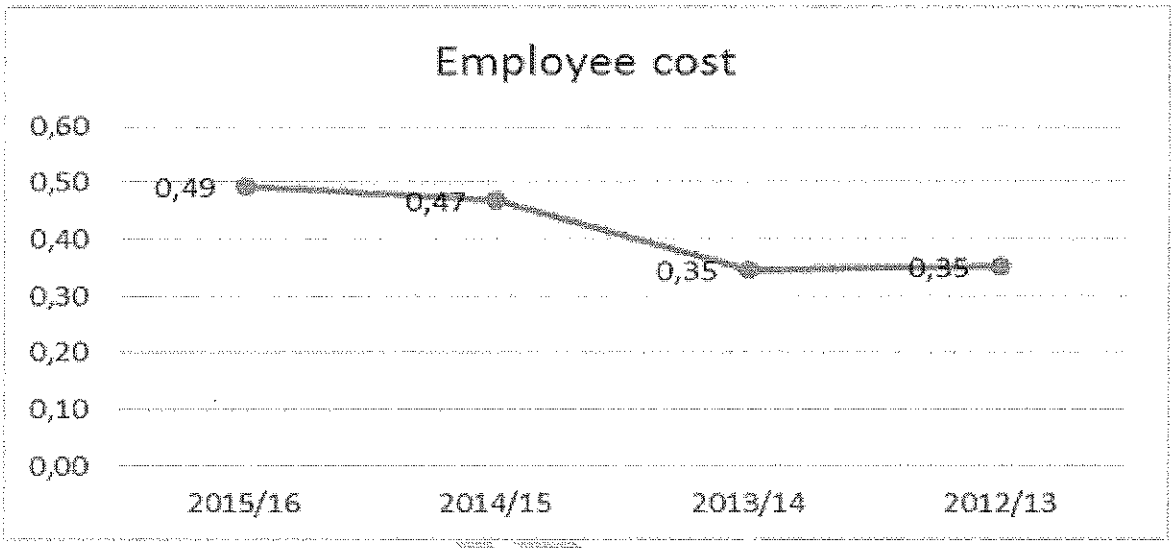


Graph 6

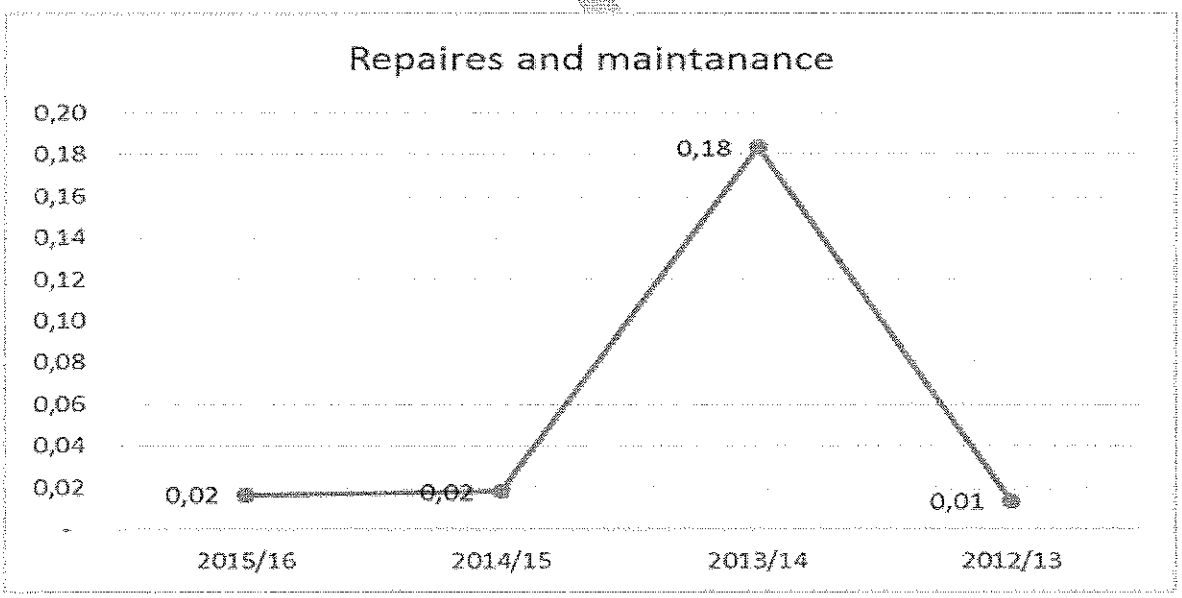


Chapter 6

Graph 7



Graph 8



Chapter 6

5.1.2 COMMENT ON FINANCIAL RATIOS:

MFMA Circular 71 sets a norm for current ratio to be between ranges of 1.5 to 2:1. Municipality current ratios seem to have decreased from 2014/15 financial year with a result of 1.92 during 2014 financial year to 1 in 2016 financial year. The higher the current Ratio, the more capable the Municipality will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality would be unable to pay all its current or short-term obligations if they fall due at any specific point. As result of the above, the Municipality introduced mechanism which to strength its cash flow. This was through the implementation of cash flow plan which is largely supervised by the Accounting Officer.

Furthermore, it should be noted that there are other ratios which are within the required norms and with others that are below the norms. All ratios bellow the norms are predicted to improve in the coming financial year period as a result of the strategy implemented as per the above statement.

5.11 PUBLIC PRIVATE PARTNERSHIPS

Bela-Bela Local Municipality does not have any Public Private Partnership arrangements.

COMPONENT D: OTHER FINANCIAL MATTERS

5.3 SUPPLY CHAIN MANAGEMENT

Supply Chain Management have improved from the past financial period. This was made possible through implementation of the sound internal policies and procedures. The municipality received Unqualified Audit Opinion in the past three financial years with fewer noncompliance findings raised by the office of the Auditor General . The municipality has in the current financial year developed action plan to closely monitor the implementation of the action plan to ensure no occurrence of the previously reported findings.

5.4 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. The Municipality has in the current year complied with GRAP when compiling the annual financial statement.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/2015

6.1 AUDITOR GENERAL REPORTS 2014/2015

THE DETAILED AUDITOR GENERAL'S REPORT IS ATTACHED BELOW.

Auditor –General Report on Financial Performance and Service Delivery 2014/2015	
Non-Compliance Issues	**Remedial Action Taken**
Section 56 Managers acting for longer than six months	Section 56 key managers positions were filled during the year, ie: Technical Services manager Chief financial officer (Who subsequently resigned)
Performance Indicators not verifiable and reliable	SDBIP was reviewed and supporting documentation was revised on the KPI's that were not verifiable and reliable.
Tender and quotations awards to Suppliers in the service of the state	The CrossCheck system was acquired in order to assist in vetting the employment status of all directors and shareholders for the bidders. National treasury has also introduced the Central Supplier Database which performs directors and shareholders search in all spheres of Government payroll
Completeness of irregular expenditure	A panel of five financial services companies were appointed to review the financial statements before they are submitted to the auditor general. Training has been conducted on all employees that are involved with the supply chain management activities.

Chapter 6

Auditor –General Report on Financial Performance and Service Delivery 2014/2015	
Non-Compliance Issues	Remedial Action Taken
Completeness and accuracy of traffic fines revenue	The traffic management service provider was terminated for poor performance and replaced with a new service provider.
Percentages of monthly electricity and water losses beyond acceptable range	Water and electricity theft campaigns were intensified Bulk meters to be installed for the isolation of areas where water and electricity is lost The Municipality is continuously disconnecting illegal water and electricity users

COMPONENT B: AUDITOR-GENERAL OPINION 2014/2015

6.2 AUDITOR GENERAL REPORT 2014/2015 FINANCIAL YEAR

The Municipality has obtained unqualified audit opinion in 2014/15 financial year with few non- material findings. Below is the detailed report of the auditor general.

Chapter 6

Auditor's report

BELA-BELA LOCAL MUNICIPALITY

30 JUNE 2015

Chapter 6

Report of the auditor-general to the Limpopo provincial legislature and the council on Bela-bela Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Bela-Bela Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

Chapter 6

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bela-Bela Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 41 to the financial statements, the municipality has various lawsuits which are still pending at year end. The municipality is disputing these claims. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material losses

10. As disclosed in note 50 to the financial statements, material losses to the amount of R5 699 088 were incurred as a result of water and electricity losses.

Irregular expenditure

11. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R3 485 146 in contravention of the supply chain management (SCM) regulations.

Additional matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

13. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not

form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:

- Technical services on pages x to x
- Social and community services on pages x to x

17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings in respect of the selected objectives are as follows:

Technical services

Usefulness of reported performance information

21. The processes and systems that produced the performance indicator should be verifiable, as required by the FMPPI. A total of 29% of the indicators were not verifiable.

Reliability of reported performance information

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting

of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 40.2% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to a lack of adequate document management system that ensures that all reported performance information is supported by adequate supporting documents/evidence.

Social and community services

23. I did not identify material findings on the usefulness and reliability of the reported performance information for community and social services.

Additional matter

24. I draw attention to the following matters:

Achievement of planned targets

25. Refer to the annual performance report on pages xx to xx and xx to xx for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objectives reported in paragraphs xx to xx of this report.

Compliance with legislation

26. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statement, performance and annual report

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Irregular expenditure

28. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

Procurement

29. Awards were made to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were

identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

Human resources management

30. An acting municipal manager and senior managers were appointed for a period of more than for more than six months in contravention of section 54A(2A) and 56(1)(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Internal control

31. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the performance report and the findings on compliance with legislation included in this report.

Leadership

32. Inadequate oversight over financial and performance reporting and compliance as well as related internal controls, resulted in material misstatements in the financial statements and findings on performance management.

33. Leadership failed to implement effective human resource management to ensure that properly skilled resources are in place. The municipality did not fill key management positions within 12 months, resulting in managers acting in positions for more than 6 months.

34. The municipality did not establish and communicate procedures to enable and support the understanding of processes for collating, monitoring and reporting on performance indicators included in the SDBIP.

Financial and performance management

35. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting, as a result sufficient and appropriate evidence could not be provided for the material targets in the annual performance report.

36. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions, in that material misstatements were identified on the financial statements.

Governance

37. Internal audit unit audited compliance with laws and regulations and performance information, however, some material findings were identified by the external auditors which internal audit did not report on in their audit report.

Chapter 6

Other reports

Investigations

38. An independent consulting firm performed an investigation at the request of the municipality during 2013-14 financial year. The investigation was initiated based on an allegation of possible irregularities in the traffic department. The investigation concluded on 20 October 2014 and resulted in disciplinary proceedings being instituted against nine employees. These proceedings are currently in progress.

39. An independent consulting firm is performing an investigation at the request of the municipality. The investigation was initiated based on an allegation of the possible irregularities in the housing department. The outcome of the investigation is expected by 30 November 2015.

Auditor-General

Polokwane

30 November 2015

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Chapter 6

6.3. 2015/16 Auditor General Action Plan

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		**Bela Bela**								
	Audit Opinion		Unqualified								
	Reporting Period		**2015/16**								
	Audit Findings	**Category of Finding**	**Description of Finding**	**Finding status**	**Root Cause**	**Action Plan Description**	**Start Date**	**Completion Date**	**Person Responsible**	**Position**	**Progress**
1	Procurement	Other important matters	EX.1. Procurement: Procurement of services not fair, competitive and equitable (Bid specification drafted in a biased manner)	New	Improper application of the Supply Chain Management Regulations	> Irregular expenditure should be reported to: Council, Cogsta and AG. > Appoint the external parties to conduct training of Supply Chain Management staff and	*01/12/2016*	*31/03/2017*	Ludick Matwalana	Manager: SCM	In progress

FINANCIAL YEAR
2015/16 ACTION PLAN

	Municipality Name		**Bela Bela**								
	Audit Opinion		Unqualified								
	Reporting Period		**2015/16**								
	Audit Findings	**Category of Finding**	**Description of Finding**	**Finding status**	**Root Cause**	**Action Plan Description**	**Start Date**	**Completion Date**	**Person Responsible**	**Position**	**Progress**
						all staff members who are involved on supply chain management activities. > A panel of independent external auditors to be appointed to review all tenders before appointment.					

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		Bela Bela								
	Audit Opinion		Unqualified								
	Reporting Period		2015/16								
	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress
2	Procurement	Other important matters	EX.6. Procurement: Tax Clearance certificate not valid (Post dated)	New	Inadequate review of bids information	> Irregular expenditure should be reported to: Council, Cogsta and AG. > Information to be reviewed by office of the Internal Audit before provided to the external auditors > Appoint the external parties to	*01/12/2016*	*31/03/2017*	Ludick Matwalana	Manager: SCM	In progress

FINANCIAL YEAR
2015/16 ACTION PLAN

	Municipality Name		**Bela Bela**								
	Audit Opinion		Unqualified								
	Reporting Period		**2015/16**								
	Audit Findings	**Category of Finding**	**Description of Finding**	**Finding status**	**Root Cause**	**Action Plan Description**	**Start Date**	**Completion Date**	**Person Responsible**	**Position**	**Progress**
						conduct training of Supply Chain Management staff and all staff members who are involved on supply chain management activities.					

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		Bela Bela								
	Audit Opinion		Unqualified								
	Reporting Period		2015/16								
	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress
3	Procurement	Other important matters	EX.42: Procurement: Bid evaluated excluding VAT	New	Improper application of the Supply Chain Management Regulations	> Irregular expenditure should be reported to: Council, Cogsta and AG. > Appoint the external parties to conduct training of Supply Chain Management staff and all staff members who are involved on supply chain managemen	*01/12/2016*	*31/06/2017*	Ludick Matwalana	Manager: SCM	Completed

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		Bela Bela								
	Audit Opinion		Unqualified								
	Reporting Period		2015/16								
	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress
						t activities. > A panel of independent external auditors to be appointed to review all tenders before appointment.					

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		Bela Bela								
	Audit Opinion		Unqualified								
	Reporting Period		2015/16								
	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress
4	Other Disclosure	Other important matters	EX.22: Procurement: Completeness of irregular expenditure (Prior year irregular expenditure not included in the AFS)	Recurring	Inadequate review the AFS	> Irregular expenditure should be reported to: Council, Cogsta and AG. > A panel of independent external reviewers will review the financial statements before they are submitted to AG	*01/12/2016*	*31/04/2017*	Ludick Matwalana	Manager: SCM	In progress

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		Bela Bela								
	Audit Opinion		Unqualified								
	Reporting Period		2015/16								
	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress
5	Payments	Other important matters	EX.59: Payment of creditors not made within 30 days- non-compliance	New	Cash flow challenges	> Implement payment plan to ensure tracking of invoices in order to avoid payments over 30 days. > Implement cost containment measures - Without compromising service delivery.	*01/12/2016*	*31/06/2017*	Khathu Maposa	Acting CFO	In progress

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		Bela Bela								
	Audit Opinion		Unqualified								
	Reporting Period		2015/16								
	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress
						> Eliminate non cash backed own source capital projects during adjustment budget.					
6	Revenue	Other important matters	EX.2: Revenue- Percentages of monthly electricity and water losses beyond acceptable range	Recurring	> Illegal consumption of Water and Electricity > Technical losses	> Inspection of meter bypasses during Amp downgrade. > Introduction of programme	*01/12/2016*	*31/06/2017*	Risimai Ntekele	HOD: Technical Services	In progress

FINANCIAL YEAR 2015/16 ACTION PLAN											
	Municipality Name		Bela Bela								
	Audit Opinion		Unqualified								
	Reporting Period		2015/16								
	Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Position	Progress
						to replace old infrastructure > Installation of zoning meters to segregate higher distribution losses zones					
7	Payments	Other important matters	EX.11: Expenditure: Invoices not accounted for in the correct accounting period	New	Inadequately accounting for expenditure when the goods and services are received.	> Creditors reconciliations should be compiled monthly to ensure capturing of all invoices	*01/12/2016*	*31/06/2017*	Veronica Baartman	DM: Expenditure	In progress

FINANCIAL YEAR
2015/16 ACTION PLAN

	Municipality Name		**Bela Bela**								
	Audit Opinion		Unqualified								
	Reporting Period		**2015/16**								
	Audit Findings	**Category of Finding**	**Description of Finding**	**Finding status**	**Root Cause**	**Action Plan Description**	**Start Date**	**Completion Date**	**Person Responsible**	**Position**	**Progress**
						> Review and follow-up on all issued orders should be performed on a monthly bases					

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief financial Officer)..... Dated 01-02-17

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution	The distribution of capacity to deliver services.

GLOSSARY

Indicators	
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

GLOSSARY

	which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: *a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and* *b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned*

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Table 1

NAME OF COUNCILLOR	NO OF COUNCIL MEETING SCHEDULED	NO OF COUNCIL MEETING ATTENDED	% OF ATTENDANCE	NO OF SUBCOMMITTEE MEETING SCHEDULED	NO OF SUBCOMMITTEE MEETING ATTENDED	% OF ATTENDANCE
CLLR NHLAPO	8	4	50%	9	3	30%
CLLR MALULEKA	8	6	80%	9	4	40%
CLLR RADEBE	8	3	40%	9	1	10%
CLLR NGOBENI	8	7	90%	9	5	50%
CLLR HLUNGWANE	8	7	90%	9	8	40%
CLLR LEDWABA	8	7	90%	9	3	30%
CLLR SESANE	8	7	90%	9	1	10%
CLLR MOKGETHOA	8	6	80%	9	5	50%
CLLR MAHLANGU	8	8	100%	9	1	10%
CLLR MOKONYANE	8	8	100%	9	5	50%
CLLR MALETE	8	6	80%	9	2	20%
CLLR MPETE	8	8	100%	9	6	70%
CLLR VAN DER MERWE	8	7	90%	9	5	50%
CLLR APHANE	8	8	100%	9	6	70%
CLLR RAS	8	7	90%	9	4	40%
CLLR SENOSHA	8	6	80%	9	9	100%
CLLR ALBERTS				9	4	40%

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Table 2

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Social and Community Services Sub-committee	Section 79 Committee
Planning/Infrastructure Sub-committee	Section 79 Committee
Budget and Treasury/Governance Subcommittee	Section 79 Committee
Municipal Public Account Committee (MPAC)	Oversight Committee
Integrated Development Planning (IDP) Steering Committee	Technical support through IDP Review process
IDP Rep Forum	Stakeholder participatory mechanism during the IDP Review process
Top Management	Strategic management decision making structure
Broader Management	Operational management decision making structure

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Table 3

Third Tier Structure		
Initials & Surname	**Title**	**Directorate/ Department**
1. Ramolobeng MN	Human Resources Divisional Manager	Corporate Services
2. Nkuna D	Divisional Manager Information Technology	Corporate Services
3. Seleka GM	Divisional Manager: Council Support and Administration	Corporate Services
4. Mahlare K	Divisional Manager: Human Resources Development	Corporate Services
5. Serote A	Manager Legal Services	Corporate Services
6. Mashishi L	Divisional Manager: Integrated Development & Planning	Planning & Economic Development
7. Mogweemang L	Divisional Manager: Local Economic Development	Planning & Economic Development
8. Selapyane J	Divisional Manager: Performance Management Systems	Planning & Economic Development
9. Manzini M	Divisional Manager: Town Planning	Planning & Economic Development

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Third Tier Structure		
Initials & Surname	**Title**	**Directorate/ Department**
10. Pilane T	Divisional Manager: Roads & Stormwater	Technical Services
11. Moloto MJ	Divisional Manager: Water & Sanitation	Technical Services
12. Tshabalala M	Chief Electrical Engineer	Technical Services
13. Mothapo TJ	Divisional Manager: Parks	Community & Social Services
14. Monare I	Divisional Manager: Protection and Emergency Services	Community & Social Services
15. Mohlala AMS	Divisional Manager: Waste & Cleansing	Community & Social Services
16. Kabe KC	Divisional Manager: Internal Audit	Office of the Municipal Manager
17. Sebelebele M (Resigned December 2015)	Divisional Manager: Communications.	Office of the Municipal Manager
18. Maposa K	Divisional Manager: Accounting Services	Budget & Treasury Office
19. Phasha LJ	Divisional Manager: Revenue	Budget & Treasury Office
20. Baartman V	Divisional Manager: Expenditure	Budget & Treasury Office
21. Matwalana LT	Divisional Manager: SCM	Budget & Treasury Office
22. Motshoane LJ	Divisional Manager: Assets	Budget & Treasury Office
23. Hoffman C	Specialist Financial Statements	Budget & Treasury Office

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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Table 4

Municipal Functions	Function applicable to the Municipality (Yes/No)	
Constitution Schedule 4, Part B functions	Yes	No
Air pollution		✓
Building regulations		✓
Child care facilities		✓
Electricity	✓	
Gas reticulation		✓
Fire fighting services		✓
Local tourism	✓	
Municipal airports / Airfield	✓	
Municipal planning	✓	
Municipal health services		✓
Municipal public transport		✓
Storm water management systems in built up areas	✓	
Trading regulations	✓	
Water and sanitation services limited to portable water supply systems	✓	
Domestic waste water and sewerage disposal systems	✓	
Constitution Schedule 4, Part B functions	Yes	No
Beaches and amusement facilities		✓

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Municipal Functions	Function applicable to the Municipality (Yes/No)	
Billboards and the display of advertisements in public places	✓	
Cemeteries cleansing	✓	
Funeral parlours and crematoria cleansing		✓
Control of public nuisance	✓	
Control of undertaking that sells liquor	✓	
Facilities for care and burial of animals		✓
Fencing and fences		✓
Licensing of dogs		✓
Licensing and control of undertakings that sell food to the public		✓
Local sport facilities	✓	
Markets		✓
Municipal abattoirs		✓
Municipal parks and recreation	✓	
Municipal roads	✓	
Pounds		✓
Refuse removal	✓	
Refuse dumps	✓	
Solid waste disposal	✓	
Street trading	✓	
Street lighting	✓	
Traffic and parking	✓	

APPENDICES

APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE (AC) 2015/2016 FINANCIAL YEAR

6.4 Audit Committee Report

BELA-BELA LOCAL MUNICIPALITY AUDIT AND PERFORMANCE COMMITTEE ANNUAL REPORT 2015/2016

We are pleased to present our report for the financial year ended 30 June 2016.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

Audit Committee members and attendance

The Audit Committee, consisting of independent outside members listed below, meets at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

Name of Member	Number of meetings attended
SAB Ngobeni (Chairperson)	6
MA Mashego	5
KTE Kgomo	1

APPENDICES

Evaluation of Financial Statements

The Audit Committee has:

1. Reviewed and discussed the Annual Financial Statements.
2. Reviewed the Audit General's management letter and the managements' responses thereto
3. Reviewed significant adjustments resulting from the audit

Therefore the Audit Committee concurs and accepts the conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with the municipality.

There has been an improvement in the system of internal control of the municipality and reducing qualification issues of previous year. There are several deficiencies in the system of internal control and/or deviations there were reported by the internal auditors and the Auditor-General. In certain instances, the matters reported previously have not been fully and satisfactorily addressed. The Audit Committee notes management's commitment to correct the deficiencies. During the year under review there was consistent monitoring of action plans and progress.

In-Year Management and Monthly/Quarterly Report

The municipality has monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA). Monitoring and reviews of performance information were periodically in the year under review.

Performance Management

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned.

Risk Management

The AC is of the opinion that municipality's risk management appears to be effective, and the municipality did implement a comprehensive risk management strategy and related policies.

Compliance with laws and regulations

A number of non-compliance with the enabling laws and regulations were revealed by Internal Audit during the year. Thus there is a room for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

Internal Audit

The AC is satisfied with the effectiveness of Internal Audit, and commends Management and Council for supporting and capacitating this unit.

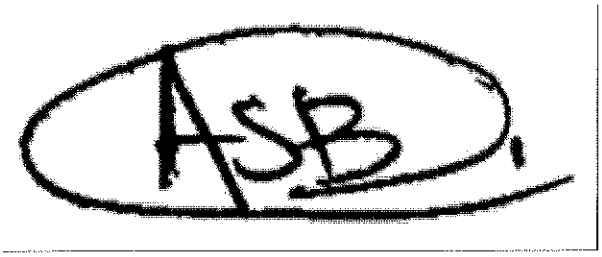
Performance Management system

The AC is satisfied that management did implement an effective management system, however there is a room for improvement in so far assessment of external service providers' performance on a regularly basis.

Conclusion

The Audit Committee wishes to acknowledge the commitment from Council, management and staff of the municipality. The stability in terms of the political and administrative leadership of the municipality has contributed to these improvements report above. We would also like to thank the

Mayor for his support, Councillors, senior management for their efforts and internal audit for their contribution.



SAB Ngobeni (Mr)

Chairperson of the Audit Committee

Bela Bela Local Municipality

30 July 2016

Municipal Audit Committee Recommendations for 2015/2016

The Audit Committee issued a total number of 39 recommendations, out of the 39 recommendations 35 were implemented, only three which were not implemented with one which is still in progress.

Table 5

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) if not adopted (Provide explanation)**	**Implementation progress**
18 August 2015	Divisional Manager Communications communicates with Internal Audit with regard to the delay in submitting performance information.	Yes	Implemented
	Finance department and Performance management department to work hand in hand as far as figures are concerned.	Yes	Implemented

APPENDICES

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) if not adopted (Provide explanation)**	**Implementation progress**
	Internal Audits Performance management reports be adhered to before we submit to Auditors General.	Yes	Implemented
	Divisional Manager Revenue ensures that the correct customers be linked to the correct tariffs.	Yes	Implemented
23 October 2015	It was recommended that feedback be given back in the next Audit Committee meeting regarding the MunSoft program.	Yes	Implemented
	It was recommended that the Chief Financial Officer (CFO) should review the vote-set up and inspect whether votes are structured correctly so that at the end of the financial year, they don't pass lot of journals.	Yes	Implemented
	It was recommended that finding no.7 also be referred to the CFO, and Internal Audit unit to schedule a meeting with the CFO to discuss the issues raised in the fleet management report.	Recommendation not adopted. The Fleet Management Policy is not yet reviewed. Management is still in process of reviewing the policy.	Implemented

APPENDICES

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) If not adopted (Provide explanation)**	**Implementation progress**
	It was further recommended that fleet management policy be reviewed in terms of addressing issues of responsibility of municipal vehicles.		Not implemented
	It was recommended that the Chief Risk Officer (CRO) review the Risk Management implementation plan again to rectify the following: Page 9: submission of policies would come before publication. Page 13: double check the dates on governance & publication.	Yes	Implemented
	It was recommended that the Risk Management report includes a section that share issues that were deliberated on in the Audit Committee meeting.	Yes	Implemented
	It was recommended that the reporting of the Chief Risk Officer should be clarified in terms of oversight and reviewing of his reports.	Yes	Implemented
	It was recommended that management should keep a habit	Yes	Implemented

APPENDICES

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) if not adopted (Provide explanation)**	**Implementation progress**
	of submitting quarterly financial statements to Audit Committee.		
	It was recommended that going forward, there should be an improvement on departmental spending. Each departmental pattern of spending be shown.	Yes	Implemented
	It was recommended that management act on the lack of spending on municipal projects.	Yes	Implemented
	It was recommended that the process for the 1st quarter performance report be fast tracked so that performance meeting be held.	Yes	Implemented
13 April 2016	It was recommended that a space for signature for the Chairperson at the end of the minutes should be provided.	Yes	Not implemented
	It was recommended that Service delivery report should be submitted to the next meeting.	Yes	Implemented
	The Audit Committee recommended that the issue of allocation of responsibility for cameras be resolved at Top Management meeting.	Yes	Implemented

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APPENDICES

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) if not adopted (Provide explanation)**	**Implementation progress**
	The Audit Committee recommended that the leave reminders must be done on a monthly basis, and that the biometric system should be audited	Yes	Not implemented
	It was recommended that the Charter should be renamed Audit and Performance Committee Charter	Yes	Implemented
	It was recommended that Management should impose limit of postponement of Disciplinary Hearings	Yes	Implemented
	It was recommended that Meter auditing be conducted with assistance of Technical Service	Yes	In progress
	The Audit Committee recommended that the service delivery report should be included in the Agenda, and be discussed in the next meeting	Yes	Implemented
	It was recommended that Municipal Public Account Committee Chairperson to be invited to the Next Audit Committee meeting.	Yes	Implemented

APPENDICES

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) if not adopted (Provide explanation)**	**Implementation progress**
	It was recommended that all legal cases should form part of the report.	Yes	Implemented
	It was recommended that the following be discussed at the next meeting: • The AG Action Plan • Standard Matters Arising from the AG Action Plan • 3rd Quarter Performance Issues • Preparation Plans of AFS • Draft of the Annual Report • IDP • Budget Draft • Service Delivery Report	Yes	Implemented
20 June 2016	All issues not resolved should be escalated to the next meeting	Yes	Implemented
	The Committee recommended the following: ✓ that there should be a statement that indicated reflect that overdraft is in cash book ✓ Unknown deposits should be reviewed Committee resolved to hold a meeting on 05 August 2016 to	Yes	Implemented

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) if not adopted (Provide explanation)**	**Implementation progress**
	review AFS and Annual performance report.		
	Committee recommended the following: • Budget for Audit committee fees should have a separate vote • Current controls should be tested in the risk register	Yes	Implemented
	The committee approved the internal Audit Plan	Yes	Implemented
02 August 2016	The Municipality should ensure that money owed by councillors is deducted from their salaries	Yes	Implemented
	Report for fruitless and wasteful expenditure should be submitted to council for approval	Yes	Implemented
	The Audit Committee recommended that the procurement plan should include everything to be procured in the financial year, even the monthly operating expenditure.	Yes	Implemented
	The Audit Committee tasked Divisional Manager for Revenue and the technical team to do a detailed analysis on meter readings and give a report in the next Audit Committee meeting.	Yes	Implemented
	The Audit Committee recommended that the Chief Financial Officer should look on the Supply Chain Management	Yes	Implemented

APPENDICES

Municipal Audit Committee Recommendations			
Date of Committee	**Committee Recommendations during the year**	**Recommendations adopted (Enter yes) if not adopted (Provide explanation)**	**Implementation progress**
	findings.		
	It was recommended that Management should develop proper internal control on fuel management.	Yes	Implemented
	Management should ensure that remaining vehicles are delivered.	Yes	Implemented
	It was recommended that Management should ensure that all journals are passed and verified.	Yes	Implemented
	The Risk Implementation Plan was approved by the audit committee.	Yes	Implemented

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VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the audited Annual Financial Statements to the Annual report for 2008/09 – This to be developed as a separate volume. Refer to MFMA Circular 36 for further guidance. T V2

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Bela Bela Local Municipality
Annual Financial Statements
for the year ended 30 June 2016
(LIM 366)

General Information

Legal form of entity	Local Municipality, governed by the MFMA (No 56 of 2003)
Nature of business and principal activities	Local Municipality
Council	
Mayor	Hon. M.L Nhlapo
Executive Councillors	Cllr S.E Maluleka (Speaker) Cllr R.M Radebe (Chief Whip) Cllr J.F Van der Merwe Cllr M.J Ngobeni
Councillors	Cllr M.D Senosha Cllr F.S Hlungwane Cllr G.T Malete Cllr M.N Ras Cllr K.B Alberts Cllr M.H Ledwaba Cllr M.J Sesane Cllr L.R Mpete Cllr P.M Aphane Cllr P.M Mahlangu Cllr T.E Mokonyane Cllr W.K.R Mokgethoa
Grading of local authority	Level 3
Chief Finance Officer (CFO)	Mr. S. Kgatla
Accounting Officer	Mr. M.M Maluleka
Registered office	58 Chris Hani Drive Bela Bela
Postal address	Bela Bela Local Municipality Private Bag X1609 Bela Bela 0480
Bankers	Absa Bank Limited
Auditors	Auditor General of South Africa
Attorneys	Moloto Attorneys Mohale Incorporated Attorneys
Published	31 August 2016

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Abbreviations

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
FMG	Financial Management Grant
EPWP	Extended Public Works Programme

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended.The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 87, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring that the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the accounting officer endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is substantially dependent on the government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

The accounting officer certify that the salaries, allowances and benefits of councillors, loans made to councillors, if any, and payments made to councillors for loss of office, if any, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 4 to 87, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016.

Mr. M.M Maluleka
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2016.

1. Review of activities

Main business and operations

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements.

Net deficit of the municipality was R 37 622 762 (2015: deficit R 40 913 763).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

Bela-Bela Municipal Council was elected and inaugurated in 2011 and has been in charge of Council governance since then up until 2016 Local Government Elections. During 2015/16 financial year the following Councilors were part of the Bela-Bela Local Municipal Council.

No.	Councilor	Position
1.	L. Nhlapo	Mayor
2.	S. Maluleka	Speaker
3.	M. Radebe	Chief Whip
4.	JM Ngobeni	EXCO – Full time
5.	K. van der Merwe	EXCO – Part time
6.	J. Sesane	S.79 Chair
7.	H. Ledwaba	S.79 Chair
8.	M. Mokanyana	S.79 Chair
9.	F. Hlungwane	MPAC Chair
10.	GT. Malete	Ordinary Member
11.	T. Ras	Ordinary Member
12.	D. Senosha	Ordinary Member
13.	K. Alberts	Ordinary Member
14.	L. Mpete	Ordinary Member
15.	P. Aphane	Ordinary Member
16.	W. Mokhethwa	Ordinary Member
17	P. Mahlangu	Ordinary member

South Africa held its fourth Municipal elections on 03 August 2016. New Councilors have been inaugurated on Thursday 18 August 2016. Bela-Bela Local Municipality Council consist of the following members:

No.	Councilor	Position
1.	JM Ngobeni	Mayor
2.	Z. Moeletsi	Speaker
3.	H. Ledwaba	Chief Whip

4.	S. Maluleka	EXCO – Full time
5.	K. van der Merwe	EXCO – Part time
6.	F. Hlungwane	S.79 Chair
7.	P. Aphane	S.79 Chair
8.	A Maluleka	S.79 Chair
9.	L. Mpete	MPAC Chair
10.	F. Mothakoa	Ordinary Member
11.	T. Ras	Ordinary Member
12.	D. Senosha	Ordinary Member

Accounting Officer's Report

13.	R. Masemola	Ordinary Member
14.	J. Makhubela	Ordinary Member
15.	S Mosweu	Ordinary Member
16.	S. Seale	Ordinary Member
17	B. Malete	Ordinary member

There will be no financial implications in relation to the change of Council since the Council will continue to be remunerated in accordance with the Determination of upper limits of salaries, allowances and benefits of councillors

4. Submission of annual financial statements

The annual financial statements were submitted 31 August 2016. The municipality complied with the requirements of Section 126 of the Municipal Finance Management Act.

5. Accounting policies

The annual financial statements were prepared in accordance with the Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standard Board.

6. Corporate governance

The Council

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality.

6.1 Fruitless and wasteful expenditure

During the current financial year, payments to the value of R857 891 were regarded as fruitless and wastefull expenditure. This was due to late payment of invoices to Eskom and Auditor General.

6.2 Remuneration

The remuneration of the accounting officer and section 56 managers are determined by the upper limits for senior managers.

6.3 Audit Committee

Mr. S.A.B Ngobeni was the chairperson of the audit committee for the financial year under review.

In terms of Section 166 of the Municipal Finance Management Act, the municipality, must appoint members of the audit committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors of the municipality onto the audit committee.

6.4 Internal audit

The municipality has an independent internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

The chief internal auditor is Mr.M.C Kabe.

7. Bankers

The municipality has its primary bank account with ABSA Bank Limited.

8. Auditors

The municipality is audited by the Auditor General of South Africa

Accounting Officer's Report

9. Public Private Partnership

During the financial period under review, Bela Bela Local Municipality did not enter into any Public Private Partnerships.

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Inventories	10	145 329	134 461
Receivables	11	1 386 931	3 427 572
Receivables from non-exchange transactions	12	3 200 366	3 826 395
VAT	13	6 121 836	5 631 042
Consumer debtors from non-exchange transactions	14	4 774 913	14 116 290
Consumer debtors from exchange transactions	14	10 855 191	11 999 587
Sundry debtors	8	9 702 111	3 861 209
Agreements	9	651 192	889 344
Cash and cash equivalents	15	31 381 571	12 656 366
		68 219 440	**56 542 266**
Non-Current Assets			
Investment property	3	343 300 758	344 816 649
Property, plant and equipment	4	591 194 946	533 198 639
Intangible assets	5	2 016 926	2 063 602
Heritage assets	6	538 950	538 950
Agreements	9	326 971	1 204 661
		937 378 551	**881 822 501**
Total Assets		**1 005 597 991**	**938 364 767**
Liabilities			
Current Liabilities			
Other financial liabilities	18	-	3 278 875
Finance lease obligation	16	10 003 106	4 735 602
Payables from exchange transactions	21	105 981 035	74 460 594
Consumer deposits	22	5 350 810	5 473 413
Unspent conditional grants and receipts	17	34 434 029	-
Provisions	19	5 122 692	4 721 807
Unknown deposits	20	9 906 250	7 584 628
		170 797 922	**100 254 919**
Non-Current Liabilities			
Finance lease obligation	16	18 530 105	1 754 489
Employee benefit obligation	7	37 447 894	26 763 894
Provisions	19	25 796 438	18 943 072
		81 774 437	**47 461 455**
Total Liabilities		**252 572 359**	**147 716 374**
Net Assets		**753 025 632**	**790 648 393**
Accumulated surplus		753 025 632	790 648 393

* See Note 45

7. Statement of Financial Performance

Figures in Rand	Note(s	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Service charges		25 141 587 947	114 337 480
Rental of facilities and equipment		1 106 503	1 113 795
Licenses and permits		3 201 147	2 741 698
Administration and management fees received		316 257	1 139 387
Commissions received		63 061	72 982
Demand charges		410 926	956 487
Other income	28	1 875 710	3 980 969
Town planning scheme		435 200	440 731
Interest received	34	6 235 144	8 317 352
Total revenue from exchange transactions		**155 231 895**	**133 100 881**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	46 336 732	54 228 731
Donations	27	7 270 367	32 000
Transfer revenue			
Government grants and subsidies	26	104 252 391	84 130 870
Fines	29	3 028 800	4 450 800
Total revenue from non-exchange transactions		**160 888 290**	**142 842 401**
Total revenue		**316 120 185**	**275 943 282**
Expenditure			
Employee related costs	31	(103 691 639)	(89 902 742)
Remuneration of councilors	32	(6 325 882)	(5 968 924)
Depreciation and amortization	36	(30 808 519)	(27 727 459)
Impairment loss/ Reversal of impairments	4	(66 513)	(2 310)
Finance costs	38	(6 495 816)	(6 956 553)
Debt impairment	33	(29 176 475)	(30 309 529)
Repairs and maintenance		(12 128 665)	(14 445 200)
Bulk purchases	40	(78 914 997)	(72 297 651)
General expenses	30	(89 884 858)	(82 212 082)
Total expenditure		**(357 493 364)**	**(329 822 450)**
Operating deficit		**(41 373 179)**	**(53 879 168)**
Loss on disposal of assets		(1 968 058)	(997 844)
Fair value adjustments	35	13 203 875	1 959 918
Actuarial gain / (loss)	37	(7 485 400)	12 003 331
		3 750 417	**12 965 405**
Deficit for the year		**(37 622 762)**	**(40 913 763)**

* See Note 45

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2014	**672 987 584**	**672 987 584**
Changes in net assets		
Deficit for the year	(40 913 763)	(40 913 763)
Total changes	(40 913 763)	(40 913 763)
Opening balance as previously reported	632 073 821	632 073 821
Adjustments		
Prior year adjustments - note 43	158 574 572	158 574 572
Balance at 01 July 2015 as restated*	**790 648 392**	**790 648 392**
Changes in net assets		
Deficit for the year	(37 622 762)	(37 622 762)
Total changes	(37 622 762)	(37 622 762)
Balance at 30 June 2016	**753 025 630**	**753 025 630**

* See Note 45

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		179 321 416	204 098 938
Appropriation		138 686 420	83 838 188
Interest income		6 235 144	8 317 352
		324 242 980	296 254 478
Payments			
Employee costs		(109 281 036)	(90 898 919)
Suppliers		(134 699 199)	(160 767 155)
		(243 980 235)	(251 666 074)
Net cash flows from operating activities	41	**80 262 745**	**44 588 404**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(77 852 706)	(54 254 432)
Purchase of other intangible assets	5	(25 000)	-
Net cash flows from investing activities		**(77 877 706)**	**(54 254 432)**
Cash flows from financing activities			
Loan - proceeds		(3 278 875)	(7 820 217)
Interest		(2 424 079)	(6 956 553)
Finance lease payments		22 043 120	6 446 599
Net cash flows from financing activities		**16 340 166**	**(8 330 171)**
Net increase/(decrease) in cash and cash equivalents		**18 725 205**	**(17 996 199)**
Cash and cash equivalents at the beginning of the year		12 656 366	30 652 565
Cash and cash equivalents at the end of the year	15	**31 381 571**	**12 656 366**

* See Note 45

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	146 532 337	6 136 000	**152 668 337**	141 587 947	**(11 080 390)**	Lower consumption (Water and electricity)
Rental of facilities and equipment	2 089 451	14 107	**2 103 558**	1 106 503	**(997 055)**	Lage number of vacant units
Licences and permits	10 000 000	2 000 000	**12 000 000**	3 201 147	**(8 798 853)**	100% allocation was budgeted intead of 20% comission
Administration and management fees received	2 204 648	(1 968 003)	**236 645**	316 257	**79 612**	Increase demand
Commissions received	45 000	-	**45 000**	63 061	**18 061**	Increase in the number of third parties
Demand charges	4 000 000	(3 500 000)	**500 000**	410 926	**(89 074)**	
Other income	20 307 936	(2 415 317)	**17 892 619**	1 875 710	**(16 016 909)**	Delays on VAT refund from VAT review
Town planning scheme	552 591	100 000	**652 591**	435 200	**(217 391)**	Reduction in demand
Interest received	14 332 960	(7 553 690)	**6 779 270**	6 235 144	**(544 126)**	Inadequate surplus cash flow for investment
Total revenue from exchange transactions	**200 064 923**	**(7 186 903)**	**192 878 020**	**155 231 895**	**(37 646 125)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	59 959 110	(808 000)	**59 151 110**	46 336 732	**(12 814 378)**	Objections outcomes corrections
Donations	33 517	(33 517)	**-**	7 270 367	**7 270 367**	Unexpected computers donations received
Transfer revenue						
Government grants and	102 223 200	39 018 000	**141 241 200**	104 252 391	**(36 988 809)**	Additional

subsidies

allocation unspent at year end and not recognised as revenue

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Fines	11 638 780	-	**11 638 780**	3 028 800	**(8 609 980)**	Poor performance of the service provider who's contract was terminated
Total revenue from non-exchange transactions	**173 854 607**	**38 176 483**	**212 031 090**	**160 888 290**	**(51 142 800)**	
Total revenue	**373 919 530**	**30 989 580**	**404 909 110**	**316 120 185**	**(88 788 925)**	
Expenditure						
Personnel	(108 702 978)	1 961 563	**(106 741 415)**	(103 691 639)	**3 049 776**	
Remuneration of councillors	(6 269 088)	(90 631)	**(6 359 719)**	(6 325 882)	**33 837**	
Depreciation and amortisation	(29 884 589)	(1 167 289)	**(31 051 878)**	(30 808 519)	**243 359**	
Impairment loss/ Reversal of impairments	-	-	-	(66 513)	**(66 513)**	
Finance costs	(2 097 000)	(4 408 082)	**(6 505 082)**	(6 495 816)	**9 266**	Finance cost on finance leases budgeted on operational expenditure
Debt impairment	(27 711 953)	(3 832 711)	**(31 544 664)**	(29 176 475)	**2 368 189**	Improvement in payment rate
Repairs and maintenance	(22 113 214)	2 065 962	**(20 047 252)**	(12 128 665)	**7 918 587**	Cash flow challenges lowered spending on repairs and maintenance
Bulk purchases	(82 369 045)	(10 500 000)	**(92 869 045)**	(78 914 997)	**13 954 048**	Lower than anticipated consumption
General expenses	(87 084 146)	(9 679 898)	**(96 764 044)**	(89 884 858)	**6 879 186**	
Total expenditure	**(366 232 013)**	**(25 651 086)**	**(391 883 099)**	**(357 493 364)**	**34 389 735**	
Operating surplus / (deficit)	**7 687 517**	**5 338 494**	**13 026 011**	**(41 373 179)**	**(54 399 190)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Loss on disposal of assets and liabilities	-	-	-	(1 968 058)	**(1 968 058)**	
Fair value adjustments	-	-	-	13 203 875	**13 203 875**	
Actuarial gain / (loss)	-	-	-	(7 485 400)	**(7 485 400)**	
	-	-	-	**3 750 417**	**3 750 417**	
Surplus / (Deficit) before taxation	**7 687 517**	**5 338 494**	**13 026 011**	**(37 622 762)**	**(50 648 773)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**7 687 517**	**5 338 494**	**13 026 011**	**(37 622 762)**	**(50 648 773)**	

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	
2016												
Financial Performance												
Property rates	59 959 1	(808 0(	59 151 1			59 151 1	4(		(12 814 3	78'		
Service charges	146 532 3	6 136 0	152 668 3			152 668 3	14		(11 080 3	93'		
Investment revenue	14 332 9	(7 554 0(	6 778 9			6 778 9	6		(543 8	92'		
Transfers recognised - operational	67 252 2		67 252 2			67 252 2	7		11 953 0	118'		1
Other own revenue	50 871 9	(5 802 4	45 069 5			45 069 5	3(		(14 157 6	69'		
Total revenue (excluding capital transfers and contributions)	**338 948 5**	**(8 028 4**	**330 920 1**			**330 920 1**	**30**		**(26 643 1**	**92'**		
Employee costs	(108 702 9	1 961 5	(106 741 4			(106 741 4	(103		3 049 7	97'		
Remuneration of councillors	(6 269 0	90 6	(6 178 4			(6 178 4	(6		(147 4	102		1
Debt impairment	(27 711 9	(3 832 7	(31 544 6			(31 544 6	(29		2 368 1	92'		1
Depreciation and asset impairment	(29 884 5	(1 167 2	(31 051 8			(31 051 8	(30		176 8	99'		1
Finance charges	(2 097 0(	(4 408 0	(6 505 0			(6 505 0	(6		9 2	100'		3
Materials and bulk purchases	(106 782 2	(8 434 0	(115 216 2			(115 216 2	(78		36 301 3	68'		
Other expenditure	(84 778 1	(9 861 1	(94 639 3			(94 639 3	(111		(16 827 6	118'		1
Total expenditure	**(366 226 0**	**(25 651 0**	**(391 877 0**			**(391 877 0**	**(366**		**24 930 2**	**94'**		**1**
Surplus/(Deficit)	**(27 277 4**	**(33 679 5**	**(60 956 9**			**(60 956 9**	**(62**		**(1 712 8**	**103'**		**2**

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcom
Transfers recognised - capital	34 971 000	39 018 000	73 989 000	-		73 989 000	25 0
Surplus (Deficit) after capital transfers and contributions	**7 693 517**	**5 338 494**	**13 032 011**	**-**		**13 032 011**	**(37 6**
Surplus/(Deficit) for the year	**7 693 517**	**5 338 494**	**13 032 011**	**-**		**13 032 011**	**(37 6**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand. The accounting policies are consistent with the previous period.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, are disclosed below.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a receivable.

The impairment for receivable is calculated on a portfolio basis.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price. The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similiar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Accounting Policies

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a
material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the
carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the
carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Useful lives of property plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimation should be based on the expected pattern in which an asset's future economic benefits or service potential are to be consumed by the municipality.

Post-retirement benefits and other long term benefits

Accounting Policies

The present value of the post retirement obligation and other long-term employee obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement benefits and other long-term benefits are based on current market conditions. Additional information is disclosed in Note 7.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows. In the event that different rates were used, clear indication of the rate and the reasons are given.

Allowance for debt impairment

On receivables an impairment loss is recognized in surplus and deficit when there is objective evidence that it is impaired. The impairment determination is based on assessment of individual accounts.

Accounting Policies

1.3 Investment property

Investment property is recognized as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or either land or buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods and services, or the sale of an asset in the ordinary course of operations or administrative purposes.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognized in the carrying amount of the investment property, the carrying amount of the replaced part is derecognized.

Investment property is initially recognized at cost. Transaction costs are included in the initial measurement.

The cost of self-constructed investment property is the cost at date of completion. Subsequent to initial recognition property plant is carried at cost less accumulated depreciation and any impairment losses.

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. The valuations are performed annually by external values. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the statement of financial performance as part of the surplus and deficit.

Where the classification of an investment property is based on management's judgment, the following criteria have been applied to distinguish investment properties from owner-occupied property and from property held for sale in the ordinary course of business:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment properties.
- land held for a currently undetermined future use.
- a building owned and leased out under one or more operating leases
- leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.
- a building that is vacant but is held to be leased out under one or more operating leases.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statement of financial performance.

Compensation from third parties for investment property that was impaired, lost or given up is recognized in surplus or deficit when the compensation becomes receivable.

Investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Accounting Policies

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognized as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipal entity; ; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Subsequent to initial recognition property plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Accounting Policies

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	indefinite
Buildings	Straight line	15 - 60 years
Leasehold property	Straight line	5 years
Plant and machinery	Straight line	4 - 5 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 - 5 years
Infrastructure		
• Roads and paving	Straight line	5 - 100 years
• Pedestrain malls	Straight line	20 - 30 years
• Electricity	Straight line	10 - 60 years
• Water	Straight line	10 - 80 years
• Sewerage	Straight line	12 - 80 years
Community		
• Buildings	Straight line	15 - 60 years

Accounting Policies

• Recreational facilities	Straight line	15 - 50 years
• Taxi ranks	Straight line	10 - 40 years
• Stadiums	Straight line	20 - 40 years
• Libraries	Straight line	15 - 60 years
• Parks and gardens	Straight line	10 - 50 years
• Other assets	Straight line	7 - 20 years
Ancillary fleet equipment and security	Straight line	15 years
Artwork	Straight line	5 years
Other equipment	Straight line	5 years

Communication equipment	Straight line	10 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement. Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located; changes in the measurement of an existing decommissioning, restoration and similar liability that result from change in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in discount rate; and the obligation the municipality incurs for having used the items during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Accounting Policies

Intangible assets are initially recognised at cost. Subsequent to initial recognition intangible assets are carried at cost less accumulated amortisation and any impairment losses.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at that date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 years
Rights to use naturally occurring assets	Indefinite

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is recognised.

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic
significance and held indefinitely for the benefit of present and future generations.

Recognition

Accounting Policies

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at amortised cost
Agreements	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unknown deposits	Financial liability measured at amortised cost
Financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

Initial recognition

Accounting Policies

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Accounting Policies

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value,

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between
the amounts recognised as revenue and the contractual payments are recognised as an operating lease asset or liability

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease termon a straight-line basis over the lease term. Any contingent rents are recognised separately as an expense in the period which they are incurred.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

Accounting Policies

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

Accounting Policies

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Accounting Policies

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Accounting Policies

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;

- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is or presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and

- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long long-term employee benefits

The municipality provides post-retirement health care benefits to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities.

Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Accounting Policies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is an:
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- present obligation that arises from past events but is not recognised because:
- it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the Municipality consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.15 Revenue from exchange transactions

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Accounting Policies

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Accounting Policies

1.16 Revenue from non-exchange transactions

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied
in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must
be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used,
but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of
a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for
breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition
An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the
extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an
amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the
criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Accounting Policies

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the
municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are
met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a
past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied,
if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset
and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. Revenue from traffic fines is recognised at a full amount on the issue of fines. Fines that are subject to settlement discount are measured using the Municipality's consideration on past history in assessing the likelihood of these discounts being taken up by debtors, Revenue is then measured at the fair value of the consideration received or receivable, net of estimated settlement discounts.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

Accounting Policies

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Accounting Policies

Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when:

- it is probable that the future economic benefits or service potential will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

Services in-kind

Services in-kind that are significant to the municipality's operations and/or service delivery objectives are recognised as assets and the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

Concessionary loans received

A concessionary loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by the municipality in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 44 for detail.

1.19 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Manangement Act (Act No. 56 of 2013), and include:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in
  accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Accounting Policies

1.20 Fruitless and wasteful expenditure

Fruitless expenditure expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the
year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.23 Value Added Tax

The Municipality is registered as category C VAT vendor. The Municipality accounts for VAT on a cash basis as per Section 15 of the VAT Act. VAT receivable or payable is calculated on a monthly bases. VAT receivable is treated as current assets while VAT payable is treated as VAT current liability. Annual Financial Statments are prepared on the accrual basis of accounting.

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payments basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

1.24 Commitments

Items are classified as commit ments when the municipality hascommitted itself to future transactions that will normally result in
the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

• contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

• contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Commitments consist of expenditure committed but not yet incurred. Commitments are categorised as follows::

- Commitments approved and contracted for
- Commitments approved but not yet contracted for

1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

Accounting Policies

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.
Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Accounting Policies

1.28 Agreements

One of the key objectives of debt collection is to encourage debtors to start paying their monthly accounts in full. In addition it is also necessary to ensure that arrear debt is addressed. The current average balances on consumer accounts necessitates that innovative ideas be implemented to encourage consumers to pay off their arrears. At the same time it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.

Recognition
Agreements are recognised when a debtor enter into a payment arrangement with the municipality. The amount to be recognised in the financial statements as an agreement, for either less than 12 months or over 12 months, consists of the amount outstanding as receivables as at the reporting date.

Measurement
Short term agreements are payment arrangements shorter than 12 months and long term agreements are payment arrangements that are longer than 12 months. Agreements are measured at amortised cost, using the effective interest rate, less provision for impairment losses ..

1.29 Accumulated surplus

Accumulated surplus is an equity account that the Municipality uses to accumulate surpluses / losses as a result of financial performance. Transfers to accumulated surplus can also be as a result of accounting policies of other equity accounts.

Accounting Policies

1.30 Unknown deposits

Unknown deposits refer to amounts which were paid into municipal accounts without proper reference to be able to allocate amounts received to correct debtor accounts or relevant vote accounts.

Recognition
Once the payment is received, the municipality will try to trace the amount to allocate it to the correct debtors or vote account. After the municipality have exhausted all options, then the municipality will advertise to the public. Should the public not come to claim the amounts, then the municipality will classify the amount as revenue.

Measurement
The amount of unknown deposits is valued at fair value of the amount actually received.

1.31 Statutory receivables

Accounting Policies

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:
• if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
• if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
• if the transaction is not within the scope of the accounting policies listed in the above or another Standard of GRAP,
the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic
benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be
measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the accounting policy on Revenue from exchange transactions or the accounting policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of

the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

• significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling,
• business rescue or an equivalent.
• it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation.
• a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
• adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt
levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable, or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:
• the rights to the cash flows from the receivable are settled, expire or are waived;
• the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
• the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has
transferred control of the receivable to another party and the other party has the practical ability to sell the receivable
in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose
additional restrictions on the transfer. In this case, the municipality:
- derecognises the receivable; and
- recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

Notes to the Annual Financial Statements

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 21 (as amended 2015): Impairment of Non-cash-generating Assets

The following amendments were made to the standard:
- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash generating assets, and consequential amendments made to the definition of cash-generating assets;
- the indicators of internal sources of information were amended to include obsolescence as an indication that an asset may be impaired. In line with the amendments made to IPSAS 21 on Impairment of Non-cash-generating Assets (IPSAS 21) in 2011, an amendment has been made to include another indicator of impairment i.e., where an asset's useful life has been reassessed as finite rather than indefinite;
- where the recoverable service amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples of indications of impairment and measurement of impairment losses have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

The municipality has adopted the standard for the first time in the 2016 annual financial statements

The impact of the standard is not material.

GRAP 26 (as amended 2015): Impairment of Cash-generating Assets

The following amendments were made to the standard:

- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- general definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP;
- additional commentary has been added to clarify the objective of cash-generating assets and non-cash

generating
assets, and consequential amendments made to the definition of cash-generating assets and cash generating unit;
- in line with the amendments made to IPSAS 26 on Impairment of Cash-generating Assets (IPSAS 26) in 2010, an
amendment has been made to include another indicator of impairment in relation to the internal sources of information;
- where the recoverable amount is value in use, disclosure requirements have been added about whether an independent
valuer is used to determine value in use together with the methods and significant assumptions applied in determining
the value in use have been added to the disclosure requirements; and
- appendices with illustrative examples on using present value techniques to measure value in use and illustrative
guidance have been deleted from the Standard as the National Treasury has issued complete examples as part of its
implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015. The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

Improvements to the Standards of GRAP (2013)

Amendments were made to the following standards of GRAP:
- GRAP 1 - Presentation of Financial Statements;

Notes to the Annual Financial Statements

- GRAP 2 - Cash Flow Statements;
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors;
- GRAP 7 - Investments in Associates;
- GRAP 10 - Financial Reporting in Hyperinflationary Economies;
- GRAP 11 - Construction Contracts;
- GRAP 13 - Leases;
- GRAP 17 - Property, Plant and Equipment;
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets;
- GRAP 21 - Impairment of Non-cash-generating Assets (refer to separate note);
- GRAP 24 - Presentation of Budget Information in Financial Statements;
- GRAP 25 - Employee Benefits;
- GRAP 26 - Impairment of Cash-generating Assets (refer to separate note);
- GRAP 31 - Intangible Assets;
- GRAP 103 - Heritage Assets; and
- GRAP 104 - Financial Instruments.

The amendments relate mainly to editorial and other changes to the original text to ensure consistency with other Standards of GRAP and deletion of the appendices with illustrative guidance and examples from the standards, as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the improvements is for years beginning on or after 01 April 2015. The municipality has adopted the improvements for the first time in the 2016 annual financial statements.

The impact of the improvements is not material.

GRAP 23 (as amended 2015): Revenue from Non-exchange Transactions

The following amendments were made to the standard:
- editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP;
- the scope paragraph has been amended to exclude non-exchange revenue from construction contracts from this Standard
- commentary has been added to clarify that discounts, volume rebates or other reductions in the quoted price of assets are exchange transactions that should be treated in accordance with the Standard of GRAP on Revenue from Exchange Transactions;
- the Standard was amended to make it mandatory for entities to recognise services in-kind to the extent that the services in-kind are significant to an entity's operations and/or service delivery objectives and to the extent that the recognition criteria have been met;
- commentary has been added to clarify that services in-kind are not limited to the provision of services by individuals but also include the right to use assets. Examples have been added to illustrate this amendment; and
- the appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2015.

Notes to the Annual Financial Statements

The municipality has adopted the standard for the first time in the 2016 annual financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Notes to the Annual Financial Statements

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Accounting Standard Board but its effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more presentation and disclosure than is currently provided in the annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting municipality's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An municipality that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting municipality) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the municipality. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.

Notes to the Annual Financial Statements

- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;

- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard, but has already formulated an accounting policy for this reporting period based on the Standard.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

Public Private Partnership agreements that are governed and regulated in terms of the MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

Notes to the Annual Financial Statements

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions.

Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual
receivables, because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard, but has already formulated an accounting policy for this reporting period based on the Standard

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time.

The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Notes to the Annual Financial Statements

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The interpretation has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.
It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 16 (as amended 2015): Investment Property

Notes to the Annual Financial Statements

Amendments made to the standard are:
• the principles and explanations related to the distinction between investment property and property, plant and equipment
were reviewed;
• an indicator-based assessment of useful lives of assets was introduced;
• clarify the wording related to the use of external valuers;
• introduce more specific presentation and disclosure requirements for capital work-in-progress;
• the encouraged disclosures were deleted; and
• separate presentation of expenditure incurred on repairs and maintenance in the financial statements is now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Amendments made to the standard are:
- the principles and explanations related to the distinction between investment property and property, plant and equipment
were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- clarify the wording related to the use of external valuers;
- introduce more specific presentation and disclosure requirements for capital work-in-progress;
- encouraged disclosures were deleted; and
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

The standard has been approved by the Accounting Standards Board, but the effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

Notes to the Annual Financial Statements

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

3. Investment property

	2016			2015		
	Cost / Valuation		Carrying value	Cost / Valuation		Carrying value
Investment property	318 017 109	25 283 649	343 300 759	344 816 649	-	344 816 649

Reconciliation of investment property - 2016

	Opening balance	Derecognition	Fair value adjustments	Total
Investment property	344 816 649	(14 719 767)	13 203 876	343 300 758

Reconciliation of investment property - 2015

	Opening balance	Correction of error	Correction of error	Fair value adjustment	Total
Investment property	174 992 702	167 864 029	167 864 029	1 959 918	344 816 649

Pledged as security

The Municipality does not have any assets pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	72 227 961	(38 895 875)	33 332 086	72 227 961	(36 857 780)	35 370 181
Plant and machinery	1 338 239	(593 629)	744 610	863 971	(670 672)	193 299
Furniture and fixtures	3 811 151	(2 935 577)	875 574	3 761 862	(2 799 722)	962 140
Motor vehicles	25 245 313	(3 291 196)	21 954 117	-	-	-
Office equipment	13 511 631	(9 208 581)	4 303 050	13 312 784	(5 384 704)	7 928 080
Infrastructure	960 752 182	(525 319 148)	435 433 034	923 864 176	(511 050 733)	412 813 443
Community	76 249 588	(36 554 464)	39 695 124	63 655 579	(34 980 963)	28 674 616
Other property, plant and equipment	50 038 807	-	50 038 807	42 185 904	-	42 185 904
Emergency equipement	81 046	(65 388)	15 658	92 844	(68 094)	24 750
Recreational facilities	11 083 134	(6 280 248)	4 802 886	11 083 134	(6 036 908)	5 046 226

Notes to the Annual Financial Statements

Figures in Rand				2016		2015
Total	**1 214 339 052**	**(623 144 106)**	**591 194 946**	**1 131 048 215**	**(597 849 576)**	**533 198 639**

Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Derecognition (cost)	Impairments	Transfers to additions
Buildings	35 370 181	-	-	-	-
Plant and machinery	193 299	801 670	(327 402)	-	-
Furniture and fixtures	962 140	304 634	(255 345)	-	-
Motor vehicles	-	25 245 313	-	-	-
Office equipment	7 928 080	571 598	(372 750)	-	-
Infrastructure	412 813 443	43 126 040	(6 238 036)	(66 512)	-
Community	28 674 616	7 220 915	(271 555)	-	-
Other property, plant and equipment	42 185 904	50 978 943	-	-	(43 126 040)
Emergency equipment	24 750	-	(11 798)	-	-
Recreational facilities	5 046 226	-	-	-	-
	533 198 639	**128 249 113**	**(7 476 886)**	**(66 512)**	**(43 126 040)**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Derecognition	Impairment loss	Derecognition impairment	Transfers
Buildings	37 105 679	464 900	-	-	-	-
Plant and machinery	340 707	55 745	(267 176)	-	-	-
Furniture and fixtures	877 789	536 353	(308 419)	-	-	-
Motor vehicles	1 936 430	-	(9 595 000)	-	-	-
Office equipment	989 290	11 588 609	(2 264 894)	-	-	-
Infrastructure	422 368 504	6 901 536	(1 406 102)	(2 310)	126 618	-
Community	30 737 714	3 019 989	(711 203)	-	-	-
Other property, plant and equipment	11 169 667	39 234 042	-	-	-	(7 546 742)
Emergency equipment	34 710	-	(855)	-	-	-
Recreational Facilities	10 105 694	-	(12 149 255)	-	-	-
	515 666 184	**61 801 174**	**(26 702 904)**	**(2 310)**	**126 618**	**(7 546 742)**

Figures in Rand	2016	2015

Pledged as security

The municipality does not have any assets pledged as security.

Change in accounting estimates

Change in estimated costs of dismantling, removing or restoring items of landfill sites
In accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the previous financial year or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:

(b) the estimated costs of dismantling, removing or restoring items of property, plant and equipment;

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The valuation of the landfill site was performed as at 30 June 2016 by Environmental and Sustainability Solutions CC. It is calculated as the present value of the future obligation, discounted at prime interest rate. The following key assumptions were used: CPI of 6.2064% (2015: 4.1306%), discount rate of 8.4564% (2015: 3.6713%) and net effective discount rate of 2.25% (2015: 2.25%). The remaining estimated life of the landfill site of 10 years is used in the discounted calculation of the provision

The valuation resulted to change in estimate as follows:

	2016	2015
Change in provision for landfill closure	R5 644 648	R2 839 681

Change in useful lives
The Municipality reviews the remaining useful life of every movable asset on an annual basis year. All categories remaining useful life was reviewed and the effect is shown in the table below:

	Depreciation 2016	Depreciation 2015
Emergency equipment	1 457	3 850
Furniture and fittings	122 499	298 611
Office equipment	43 497	103 492
Plant and equipment	20 462	92 447
	187 915	**498 400**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Properties to the value of R 14,719,766 for which title deeds are registered under the name of the Municipality, have not been included in the Municipality's financial records. These properties are represented by land parcels, vacant and improved, over which the municipality does not execute any realistic form of control or have any legal claim, other than the title deed, to ownership.

5. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value

Notes to the Annual Financial Statements

Figures in Rand				2016		2015
		and accumulated impairment			**and accumulated impairment**	
Computer software, other	1 642 886	(271 623)	1 371 263	1 617 886	(199 947)	1 417 939
Rights to use naturally occurring assets	645 663	-	645 663	645 663	-	645 663
Total	**2 288 549**	**(271 623)**	**2 016 926**	**2 263 549**	**(199 947)**	**2 063 602**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	1 417 939	25 000	(71 676)	1 371 263
Rights to use naturally occurring assets	645 663	-	-	645 663
	2 063 602	**25 000**	**(71 676)**	**2 016 926**

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	1 484 447	(66 508)	1 417 939
Rights to use naturally occurring assets	645 663	-	645 663
	2 130 110	**(66 508)**	**2 063 602**

Pledged as security

The municipality does not have any intangible assets pledged as security.

Used to secure (borrowings) (banking facilities) (other : specify) granted to the municipality of R - (2015: R -).- refer to note .

Restricted title

There are not restrictions on the title and disposal of intangible assets. No commitments have been entered into for the acquisition, maintenance and restoration of intangible assets.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of
the municipality.

6. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	538 950	-	538 950	538 950	-	538 950

Reconciliation of heritage assets 2016

	Opening balance	Total
Historical buildings	538 950	538 950

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

Reconciliation of heritage assets 2015

	Opening balance	Total
Historical buildings	538 950	538 950

Restrictions on heritage assets

There are not restrictions on the title and disposal of heritage assets.

Pledged as security

The municipality does not have any heritage assets pledged as security. No commitments have been entered into for the acquisition, maintenance and restoration of heritage assets.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of
the municipality.

7. Employee benefit obligations

Post retirement Health Care Benefits Liability

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(26 763 894)	(35 827 894)
Benefits paid	1 077 400	1 022 000
Current service costs	(1 179 000)	(2 182 987)
Net actuarial gains and losses	(8 127 400)	13 437 934
Interest costs	(2 455 000)	(3 212 947)
	(37 447 894)	**(26 763 894)**

The municipality provides certain post retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aids Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Niel Fourie, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. An actuarial valuation has been performed of the liability in respect of post-employment health care benefits to employees and retirees of Bela Bela Municipality and to their registered dependants.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
In-service members (employees)	232	159
Continuation	28	26
Net expense recognised in the statement of financial performance		
Current service cost	1 179 000	2 182 987
Interest cost	2 455 000	3 212 947
Actuarial (gains) losses	8 127 400	(13 437 934)
	11 761 400	**(8 042 000)**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

The liability in respect of past service has been estimated as follows:

In-service members (employees)	24 096 000	14 937 000
Continuation members	13 352 000	11 827 000
	37 448 000	**26 764 000**

The municipality makes monthly contributions of health care arrangements to the following medical aid schemes:

-Keyhealth
-Bonitas
-Hosmed
-Samwumed
-LA Health
The current service cost for the year ending 30 June 2016 is estimated to be R 1 179 000 (2015 R2 182 987).

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	Yield curve	Yield curve
CPI (Consumer Price Inflation	Difference between nominal and yield curves	Difference between nominal and real yield curve
Medical Aid Contribution Inflation	CPI + 1%	CPI + 1%
Net Effective Discount Rate	Yield curve based	Yield curve based

The basis used to determine the overall expected rate of return on the statement of financial position assets is as follows:
We used the nominal and real zero curves as at 20 June 2016 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

Medical Aid inflation
The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

Average Retirement Age
The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

Normal Retirement Age
The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality Rates
Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS. Previously mortality before retirement was based on the SA 85-90 mortality tables whilst postemployment was based on PA (90) rated down one year.

Spouses and Dependants
We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:
The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter
term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

Movement in the present value of the defined benefit obligation are as follows:

Opening balance	5 154 216	13 106 216
Net expense recognised in the statement of financial performance	11 761 400	(7 952 000)
Present value of fund obligation at the end of the year	**16 915 616**	**5 154 216**

~~The amounts recognised in the Statement of Financial Performance~~

Current service cost	1 179 000	2 182 987
~~Interest cost~~	~~2 455 000~~	~~3 212 947~~

Figures in Rand	2016	2015
Actuarial (gains) losses	8 127 400	(13 347 934)
	11 761 400	**(7 952 000)**
The history of experienced adjustments is as follows:		
Present value of Defined Benefit Obligation	37 448 000	26 764 000
	~~37 448 000~~	~~26 764 000~~

The Liability in respect of past service has been estimated as follows:

Changes in the fair value of plan assets are as follows:

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.

The liability in respect of past service has been estimated as follows:

The liability at the valuation date was recalculated to show the effect of 1% increase and decrease in the assumed general salary inflation rate. Using central assumption of R1 179 000 for current service cost and R2 455 000 for interest costs the effect is as follows:

	One percentage point increase	**One percentage point decrease**
Interest cost	4 491 000	3 267 000
Service cost	2 549 000	1 621 000
Total	**7 040 000**	**4 888 000**

Amounts for the current and previous four years are as follows:

	2016 R	**2015 R**	**2014 R**	**2013 R**	**2012 R**
Defined benefit obligation	4 671 000	4 403 000	2 527 592	2 050 334	1 610 5
Surplus (deficit)	4 671 000	4 403 000	2 527 592	2 050 334	1 610 5

8. Sundry debtors

Cash suspense RD	1 057 349	1 057 349
VAT suspense	7 991 296	2 301 294
Other receivables	430 121	346 419
Accrued income	223 345	156 147
Total	9 702 111	3 861 209

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

9. Agreements

Agreements consist of consumer debtors payment arrangements. Short term agreements are payment arrangements shorter than 12 months and long term agreements are payment arrangements that are longer than 12 months.

Short term agreements	651 192	889 344
Long term agreements	326 971	1 204 661
Total	978 163	2 094 005

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
10. Inventories		
Water	145 329	134 461
Inventory pledged as security		
No Inventory was pledged as security.		
11. Receivables		
Sundry debtors	1 090 164	3 345 335
WDM fire fighting	296 767	82 237
	1 386 931	**3 427 572**
12. Receivables from non-exchange transactions		
Fines	31 505 315	29 126 225
Allowance for impairment	(28 304 949)	(25 299 830)
	3 200 366	**3 826 395**
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	(25 299 830)	(23 909 603)
Allowance for impairment	(3 006 010)	(1 390 227)
	(28 305 840)	**(25 299 830)**
13. VAT receivable		
VAT	6 121 836	5 631 042
14. Consumer debtors		
Gross balances		
Rates	60 594 867	61 100 464
Electricity	9 145 664	5 289 611
Water	12 800 012	12 868 684
Sewerage	5 444 876	3 223 639
Refuse	3 470 822	3 011 908
Other	38 536 545	38 431 281
	129 992 786	**123 925 587**
Less: Allowance for impairment		
Rates	(55 819 954)	(46 984 174)
Electricity	(4 732 889)	(3 847 772)
Water	(11 786 643)	(9 883 400)
Sewerage	(4 348 591)	(2 758 889)

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Refuse	(2 848 348)	(2 556 832)
Other	(34 826 258)	(31 778 646)
	(114 362 683)	**(97 809 713)**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Net balance		
Rates	4 774 913	14 116 290
Electricity	4 412 775	1 441 839
Water	1 013 370	2 985 285
Sewerage	1 096 285	464 750
Refuse	622 474	455 076
Other	3 710 287	6 652 637
	15 630 104	**26 115 877**
Included in above is receivables from exchange transactions		
Electricity	4 412 775	1 441 839
Water	1 013 370	2 985 285
Sewerage	1 096 285	464 750
Refuse	622 474	455 076
Other	3 710 287	6 652 637
	10 855 191	**11 999 587**
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	4 774 913	14 116 290
Net balance	**15 630 104**	**26 115 877**
Rates		
Current (0 -30 days)	6 158 445	17 775 615
31 - 60 days	1 947 834	1 801 889
61 - 90 days	1 710 424	1 322 803
91 - 120 days	2 969 561	1 370 518
121 - 365 days	8 978 019	6 658 179
> 365 days	38 830 584	32 171 460
	60 594 867	**61 100 464**
Electricity		
Current (0 -30 days)	5 116 573	3 662 563
31 - 60 days	149 072	93 756
61 - 90 days	175 555	80 547
91 - 120 days	97 842	333 812
121 - 365 days	951 139	566 223
> 365 days	2 655 483	552 709
	9 145 664	**5 289 611**
Water		
Current (0 -30 days)	2 110 010	1 308 647
31 - 60 days	490 188	443 515
61 - 90 days	407 256	339 975
91 - 120 days	420 416	269 692

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
121 - 365 days	2 161 943	1 540 862
> 365 days	7 821 385	8 965 993
	12 800 012	**12 868 684**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Other		
Current (0 -30 days)	4 205 857	3 750 301
31 - 60 days	702 762	1 755 929
61 - 90 days	815 072	956 656
91 - 120 days	879 257	1 662 893
121 - 365 days	4 505 563	5 143 894
> 365 days	27 428 034	25 161 608
	38 536 545	**38 431 281**
Sewerage		
Current (0 -30 days)	1 532 975	447 944
31 - 60 days	259 243	137 325
61 - 90 days	219 675	102 198
91 - 120 days	326 412	92 808
121 - 365 days	1 003 590	493 000
> 365 days	2 102 981	1 950 364
	5 444 876	**3 223 639**
Refuse		
Current (0 -30 days)	838 965	428 556
31 - 60 days	116 999	121 550
61 - 90 days	99 421	89 419
91 - 120 days	93 482	79 225
121 - 365 days	441 608	436 022
> 365 days	1 880 347	1 857 136
	3 470 822	**3 011 908**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Summary of debtors by customer classification		
Government		
Current (0 -30 days)	1 484 090	3 714 578
31 - 60 days	430 880	376 382
61 - 90 days	409 394	270 373
91 - 120 days	390 762	187 959
121 - 365 days	2 478 457	1 187 596
> 365 days	7 528 382	4 053 059
	12 721 965	**9 789 947**
Business		
Current (0 -30 days)	7 324 652	5 956 146
31 - 60 days	442 772	891 021
61 - 90 days	386 914	628 799
91 - 120 days	377 243	880 340
121 - 365 days	2 312 863	3 495 012
> 365 days	14 045 757	20 037 444
	24 890 201	**31 888 762**
House holds		
Current (0 -30 days)	7 913 086	8 880 496
31 - 60 days	1 808 512	2 279 739
61 - 90 days	1 771 018	1 334 871
91 - 120 days	2 039 544	1 877 024
121 - 365 days	8 970 631	6 790 461
> 365 days	35 934 156	30 197 658
	58 436 947	**51 360 249**
Other		
Current (0 -30 days)	3 240 996	8 822 407
31 - 60 days	983 933	806 822
61 - 90 days	860 079	657 557
91 - 120 days	1 979 421	863 624
121 - 365 days	4 279 911	3 365 111
> 365 days	22 548 196	16 371 107
	33 892 536	30 886 628
	129 992 786	**123 925 585**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(97 809 709)	(118 821 515)
Movement in provision for impairment	(16 552 974)	21 011 806
	(114 362 683)	**(97 809 709)**

15. Cash and cash equivalents

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Cash and cash equivalents consist of:		
Cash on hand	3 997	2 000
Bank balances	1 120 234	907 833
Short-term deposits	30 257 340	11 746 533
	31 381 571	**12 656 366**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Credit quality of cash at bank and short term deposits, excluding unspent conditional grant		
Credit rating		
Investment	30 261 337	11 748 534
Cash and cash equivalent	3 286 930	2 053 082
Total cash	**33 548 267**	**13 801 616**
Less: unspent conditional grant	(34 434 030)	-
	(885 763)	**13 803 616**

See note 26 for reconciliation of grants

Cash and cash equivalents pledged as collateral		
Total financial assets pledged as collateral	800 000	800 000

Local Guarantees

The above guarantee is pledged to Eskom by means of the ABSA Bank Call account with the number 2066701092. The valuation amount for the current year ended 30 June 2016: R800 000 (2015: R800 000).

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

Current Account (Primary Bank Account)

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK - Current Account - 1330000062	3 236 039	2 051 978	7 428 239	1 069 343	906 729	1 571 073
ABSA BANK - Call Account - 4078360937	50 891	1 104	361 733	50 891	1 104	361 733
Total	**3 286 930**	**2 053 082**	**7 789 972**	**1 120 234**	**907 833**	**1 932 806**

Call deposits

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK - Call Account - 9079442012	-	-	1 085 760	-	-	1 085 760
ABSA BANK - Call Account - 4078462834	189 705	54 128	-	189 705	54 128	-
ABSA BANK - Account Type - Deposit - 2066701092	800 000	800 000	800 000	800 000	800 000	800 000
FNB Limited - Call Account - 6204584148	270 093	261 629	254 988	270 093	261 629	254 988
Petty Cash	3 997	2 000	-	3 997	2 000	-
ABSA BANK - Call Account - 9295746149	23 941 662	2 147	16 001	23 941 662	2 147	16 001
ABSA BANK - Call Account - 9295745884	30 469	2 281	16 450 119	30 469	2 281	16 450 119
NEDBANK - Call Account - 03-7881110678	5 001 130	10 620 384	10 112 890	5 001 130	10 620 384	10 112 890
ABSA BANK - Call Account - 4073741532	3 835	3 960	-	3 835	3 960	-
ABSA BANK - Call Account - 9296620730	11 139	2 005	-	11 139	2 005	-
ABSA BANK - Call Account - 4087938456	1 065	-	-	1 065	-	-
ABSA BANK - Call Account - 4087938854	8 242	-	-	8 242	-	-
Total	**30 261 337**	**11 748 534**	**28 719 758**	**30 261 337**	**11 748 534**	**28 719 758**
Total cash and cash equivalents	**33 548 267**	**13 799 616**		**31 381 571**	**12 656 366**	

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

16. Finance lease obligation

Minimum lease payments due		
- within one year	13 861 737	5 221 469
- in second to fifth year inclusive	21 233 067	1 794 880
- later than five years	-	-
	35 094 804	7 016 349
less: future finance charges	(6 561 593)	(526 258)
Present value of minimum lease payments	**28 533 211**	**6 490 091**
Non-current liabilities	18 530 105	1 754 489
Current liabilities	10 003 106	4 735 602
	28 533 211	**6 490 091**

Bela-Bela Local Municipality has leased computer equipment from BIG Time Strategic sourcing. The monthly lease payment is R372 446 with a 10% annual increament.The lease agreement is for the period of 36 month from 01 November 2013 to 31 October 2016 Ownership will pass to the Municipality after the expiry of lease contract.
Bela-Bela has leased motor vehicle from Bertobite Pty (ltd) and Telephone System equipments from Intuate for a period of 36 months. The Monthly lease payment for motor vehicles is R with 9 % annual increment. The monthly lease payment for Telephone system is R15 602.34 with no yearly escallation.Bertobrite Pty(ltd) lease agreement is from 01 February 2016 to 31 January 2019. The Intuate lease agrement is from the 1 November 2015 to 31 October 2019.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Financial Management Grant	(33)	(33)
Municipal System Infrastructure Grant (MSIG)	268	268
Department of Water andForesty Grant (DWAF)	105	105
Municipal Infrastructure Grant (MIG)	34 434 029	-
Disaster Management Grant	(234)	(234)
Expanded Public Works Programme (EPWP)	(106)	(106)
	34 434 029	**-**

Movement during the year

Balance at the beginning of the year	-	292 682
Additions during the year	138 686 420	81 330 302
Income recognition during the year	(104 252 391)	(81 622 984)
	34 434 029	**-**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

In April 2016 the Municipality was allocated additional R39 million MIG conditional grant of which contributed to the increase in unspent grants at the end of June 2016. The Municipality qualifies for an automatic rollover for the R34 million unspent to be utilized in 2016/17 financial year.

See note 26 for reconciliation of grants from National/Provincial Government.

18. Other Financial liabilities

At amortised cost		
INCA Loan 00-003-7509 Interest rate 0%, monthly repayment R1 092 958.37. This loan was settled at 30 September 2015	-	3 278 876

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Current liabilities		
At amortised cost	-	3 278 875

Figures in Rand	2016	2015

19. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Rehabilitation of landfill site	18 943 072	6 853 366	25 796 438
Performance bonus	318 805	132 885	451 690
Long service award provision	4 403 002	268 000	4 671 002
	23 664 879	**7 254 251**	**30 919 130**

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Rehabilitation of landfill site	15 770 064	3 173 008	18 943 072
Performance bonus	160 797	158 008	318 805
Long service award provision	2 527 592	1 875 410	4 403 002
	18 458 453	**5 206 426**	**23 664 879**

Non-current liabilities	25 796 438	18 943 072
Current liabilities	5 122 692	4 721 807
	30 919 130	**23 664 879**

Rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The valuation of the landfill site was performed as at 30 June 2016 by Environmental and Sustainability Solutions CC. It is calculated as the present value of the future obligation, discounted at prime interest rate. The following key assumptions were used: CPI of 6.2064% (2015: 4.1306%), discount rate of 8.4564% (2015: 3.6713%) and net effective discount rate of 2.25% (2015: 2.25%). The remaining estimated life of the landfill site of 10 years is used in the discounted calculation of the provision.

Provision for rehabilitation of landfill sites:

Carrying value		
Balance at the beginning of the year	18 943 072	15 770 064
Changes in provision for landfill closure	5 644 648	2 839 681
Interest charge	1 208 718	333 327
Total Recognised Liability	**25 796 438**	**18 943 072**

Long Service Awards

Figures in Rand	2016	2015

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long service award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees.
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Hildegard Wilson, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

For the year ended 30 June 2016, 370 (2015: 373) employees were eligible for long service awards.
The current service cost for the year ending 30 June 2016 is estimated to be R 502 000 (2015: R 267 639).

The principal assumptions used for the purpose of the actuarial valuations were as follows:

Discount rate used	Yield curve	Yield curve

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Salary increase rate	Equal to CPI+1%	Equal to CPI+1%
Net effective discount rate	Yield curve based	Yield curve based

Movement in the present value of the defined benefit obligation were as follows:

Carrying value		
Balance at the beginning of the year	4 403 000	2 527 592
Current service cost	502 000	267 639
Interest cost	408 000	180 406
Benefits paid	(57 781)	(406 000)
Actuarial (gain) / losses	(584 219)	1 833 363
Total recognised benefit liability	**4 671 000**	**4 403 000**

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	502 000	267 639
Interest cost	408 000	180 406
Total post retirement benefit included in employee related costs	**910 000**	**448 045**

The liability at the valuation date was recalculated to show the effect of 1% increase and decrease in the assumed general salary inflation rate. Using central assumption of R534 0000 for current service cost and R464 000 for interest costs the effect is as follows:

	One percentage point increase	**One percentage point decrease**
Effect on the aggregate of the service cost	589 000	486 000
Effect on the aggregate interest cost	505 000	427 000
	1 094 000	**913 000**

Amounts for the current and previous year are as follows:

	2016 R	**2015 R**	**2014 R**	**2013 R**	**2012 R**
Defined benefit obligation	4 671 000	4 403 000	2 527 592	2 050 334	1 610 516
Plan assets	-	-	-	-	-
Surplus (deficit)	**4 403 000**	**4 403 000**	**2 527 592**	**2 050 334**	**1 610 516**

Performance bonus

Figures in Rand	2016	2015

Chapter 3 of government gazette no 290289, of 01 august 2006, government: municipal performance regulations for municipal managers and managers directly accountable to municipal managers stipulate that, performance bonus ranging between 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance.

Management has made provision for performance bonus based at 10% of annual remuneration of section 56 managers.

20. Unknown deposit

Unknown deposit	9 906 250	7 584 628

Deposits received in our bank account but we are unable to track who paid it and why.

Figures in Rand	2016	2015

21. Payables from exchange transactions

Trade payables	66 800 064	30 367 789
Payments received in advanced	17 294 409	19 279 899
Year end accruals	3 032 717	10 554 980
Accrued leave pay	7 506 395	6 278 507
Accrued bonus	2 038 069	1 780 891
Accrued payroll expenses	2 690 669	2 446 391
Retention creditors	6 183 545	3 313 220
Deposits on sale of land	435 167	438 917
	105 981 035	**74 460 594**

22. Consumer deposits

Deposit received	5 350 810	5 473 413

23. Revenue

Service charges	141 587 947	114 337 480
Rental of facilities and equipment	1 106 503	1 113 795
~~Licences and permits~~	~~3 201 147~~	~~2 741 698~~
Administration and management fees received	316 257	1 139 387
Commissions received	63 061	72 982
Demand charges	410 926	956 487
Traffic fines	1 875 710	3 980 969
Town planning scheme	435 200	440 731
Interest received	6 235 144	8 317 352
Property rates	46 336 732	54 228 731
Donations	7 270 367	32 000
Government grants & subsidies	104 252 391	84 130 870
Traffic fines	3 028 800	4 450 800
	316 120 185	**275 943 282**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	141 587 947	114 337 480
Rental of facilities and equipment	1 106 503	1 113 795
Licences and permits	3 201 147	2 741 698
Administration and management fees received	316 257	1 139 387
Commissions received	63 061	72 982
Demand charges	410 926	956 487
Traffic fines	1 875 710	3 980 969
Town planning scheme	435 200	440 731
Interest received	6 235 144	8 317 352
	155 231 895	**133 100 881**

The amount included in revenue arising from non-exchange transactions is as

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
follows:		
Taxation revenue		
Property rates	46 336 732	54 228 731
Donations	7 270 367	32 000
Transfer revenue		
Government grants & subsidies	104 252 391	84 130 870
Traffic fines	3 028 800	4 450 800
	160 888 290	**142 842 401**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

24. Property rates

Rates received

Property rates	46 336 732	54 228 731

Valuations

Valuations of properties are performed every 4 years. The last general valuation came into effect on 1 July 2012. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations, subdivisions, consolidations and other alterations as stipulated in the Municipal Property Rates Act.

The rate randages are as follows:
Farms is R0.0113
Residential properties R0.0106
Government properties R0.0133
Business / Industrial R0.0133 and
Vacant land R0.0133

25. Service charges

Sale of electricity	103 326 621	84 979 807
Sale of water	22 624 734	17 522 872
Solid waste	6 171 908	5 468 562
Sewerage and sanitation charges	9 464 684	6 366 239
	141 587 947	**114 337 480**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

26. Government grants and subsidies

Operating grants		
Equitable share	63 428 000	54 332 000
Finance Management Grant	1 600 000	1 600 047
Municipal System Improvement Grant	930 000	934 004
Department of Water Affairs	-	999 895
SETA	164 293	148 302
Extended Public Works Program	1 083 000	1 123 106
Disaster Management Grant	-	292 644
Municipal Water Infrastructure Grant	10 000 000	-
Intergration National Electrification Programme	2 000 000	-
	79 205 293	59 429 998
Capital grants		
Municipal Infrastructure Grant	25 047 098	24 700 872
	25 047 098	24 700 872
	104 252 391	**84 130 870**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Finance Management Grant

Balance unspent at beginning of year	(33)	-
Current-year receipts	1 600 000	1 600 000
Conditions met - transferred to revenue	(1 600 000)	(1 600 033)
	~~(33)~~	~~(33)~~

The purpose of the FMG is to promote and support municipal financial management reforms and assist municipalities with the implementation of the MFMA.

The conditions of the grant are as follows:
- Appointment of an appropriately skilled municipal manager and CFO
- Appointment of at least two interns for purposes of building future financial management capacity
- Council resolution committing council to reforms
- Submission of primary bank account details
- Development of an action plan for implementation
- Monthly reporting on performance

Municipal System Infrastructure Grant

Balance unspent at beginning of year	264	268
Current-year receipts	930 000	934 000
Conditions met - transferred to revenue	(930 000)	(934 004)
	264	**264**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

Municipal Systems Improvement Grant (MSIG) deals with transfers to assist municipalities with building in-house capacity to perform their functions and stabilise institutional and governmental systems

Department of Water and Forestry Grant

Balance unspent at beginning of year	105	-
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	-	(999 895)
	105	**105**

Figures in Rand	2016	2015

The purpose of this grant is to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, through effective policies, integrated planning, strategies, knowledge base and procedures.

Municipal Infrastructure Grant

Current-year receipts	61 989 000	24 700 872
Conditions met - transferred to revenue	(27 554 971)	(24 700 872)
	34 434 029	-

The Municipal Infrastructure Grant complements the equitable share grant for local government, however, it is provided conditionally to municipalities. The key principles underpinning the design of the MIG are outlined below:
a) Focus on infrastructure required for a basic level of service: The MIG programme is aimed at providing only basic infrastructure.
b) Targeting the poor: The programme is aimed at providing services to the poor and funds will therefore be targeted to reach them.
c) Maximising economic benefits: The programme will be managed to ensure that the local economic spin-offs through providing infrastructure are maximised. This includes employment creation and the development of enterprises.
d) Equity in the allocation and use of funds: The mechanism for distributing funds must provide for equitable access to such funds by the poor in order to make uniform progress in closing the infrastructure gap.

SETA Grant

Current-year receipts	164 293	148 302
Conditions met - transferred to revenue	(164 293)	(148 302)
	-	-

The grant is utilise for training of officials in the municipality.

Disaster Management Grant

Balance unspent at beginning of year	(234)	(234)

Conditions still to be met - remain liabilities (see note 17).

The grant is utilised to fund relief operations after disasters within the jurisdiction of the municipality. The municipality were declared a disaster in March 2014.

Extended Public Works Program

Balance unspent at beginning of year	(106)	(106)
Current-year receipts	1 083 000	1 123 000
Conditions met - transferred to revenue	(1 083 000)	(1 123 106)
	(106)	**(106)**

Figures in Rand	2016	2015

The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the EPWP guidelines.

Municipal Water Infrastructure Grant (MWIG)

Current-year receipts	10 000 000	-
Conditions met - transferred to revenue	(10 000 000)	-
	-	-

The purpose of this grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service.

Figures in Rand	2016	2015
Integrated National Electrification Programme		
Current-year receipts	2 000 000	-
Conditions met - transferred to revenue	(2 000 000)	-
	-	-

The purpose of this grant is to facilitate the planning, funding and implementation of national eletrification projects and all related bulk infrastructure.

27. Donations

Current year receipts	7 270 367	32 000

Provide explanations of conditions still to be met and other relevant information

28. Other income

Insurance claims	255 695	60 761
Surplus cash	2 085	(156)
Engineering levy	19 137	22 514
Fire brigate levies	617	-
Meter testing	3 421	3 734
New connections	42 577	23 662
Panelties - tamper meters	157 306	375 006
Advertising	63 292	-
Re-connections	292 031	1 907 645
Received from District Council	562 648	529 107
Refuse bins	36 034	43 709
Street trading	1 863	228
Miscellaneous income	155 518	849 977
Procurement income	283 486	164 782
	1 875 710	**3 980 969**

29. Fines

Traffic fines	3 028 800	4 450 800

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

30. General expenses

Advertising	523 806	895 342
Auditors remuneration	2 553 040	3 206 430
Bank charges	810 499	1 831 314
Cleaning	237 336	162 335
Consulting and professional fees	19 539 197	8 894 677
Debt collection	2 839 309	6 015 307
Donations	14 719 766	130 888
Entertainment	2 763	15 490
Internal audit	1 140 847	143 754
Insurance	17 101	21 937
IT expenses	(85 354)	2 053 321
Lease rentals on operating lease	21 635 188	23 664 578
Fuel and oil	2 980 643	2 643 166
Recruitment costs	6 200	57 571
Postage and courier	4 799	383 119
Printing and stationery	674 797	519 915
Research and development costs	342 502	271 916
Staff welfare	97 124	61 685
Subscriptions and membership fees	1 280 400	1 031 743
Telephone and fax	897 292	1 634 884
Extinguish material	-	13 172
Uniforms	1 013 301	1 157 380
Community outreach program	1 547 824	1 340 780
Equitable share levy	2 462 910	3 533 946
Valuation costs	1 453 064	1 380 967
Risk and asset management	37 625	5 342 888
Contractor services	10 180 967	11 442 063
Delegation costs	1 169 975	1 314 645
Other expenses	-	28 238
Capacity building	1 043 225	1 560 325
Chemicals	758 712	1 199 450
Disaster management	-	258 856
	89 884 858	**82 212 082**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

31. Employee related costs

Basic	62 937 257	52 966 308
Bonus	4 731 381	3 654 853
Medical aid - company contributions	4 875 705	3 876 987
UIF	554 563	488 910
SDL	795 211	702 109
Leave pay provision charge	387 796	117 376
Current service costs	1 681 000	2 450 626
Post-employment benefits - pension	12 009 623	10 154 604
Overtime payments	5 977 456	5 233 561
Workmens compensation	-	1 987 404
Acting allowances	833 379	1 555 906
Transport allowance	6 979 906	5 514 278
Cellphone allowance	1 126 320	784 522
Performance bonus	321 808	415 298
Non Pension	477 665	-
Long service awards	25 806	-
Unions contributions	(23 237)	-
	103 691 639	**89 902 742**

Remuneration of municipal manager

Annual Remuneration	869 723	425 965
Car Allowance	357 330	175 020
Contributions to UIF, Medical and Pension Funds	210 636	99 274
Other allowances	295 374	19 664
Cellphone allowance	27 156	13 578
	1 760 219	**733 501**

The Municipal Manager was appointed on 01 January 2015.

Remuneration of chief finance officer

Annual Remuneration	698 400	335 369
Car Allowance	246 840	106 622
Contributions to UIF, Medical and Pension Funds	32 757	90 064
Cellphone allowance	17 000	10 200
Other allowance	1 150	70 947
Acting allowances	-	83 982
	996 147	**697 184**

The Chief Financial Officer was appointed from 1st September 2015.

Remuneration corporate services manager

Annual Remuneration	-	508 037
Car Allowance	-	192 400

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Contributions to UIF, Medical and Pension Funds	-	97 642
Other allowances	-	36 148
Cellphone allowance	-	15 000
	-	**849 227**

The Manager Corporate Services was vacant during the current year.

Remuneration of social and community services manager

The Manager of social and community services was vacant during the current year.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Remuneration of planning and economic development manager		
Annual Remuneration	575 740	451 400
Car Allowance	241 619	191 670
Contributions to UIF, Medical and Pension Funds	169 632	128 090
Cellphone allowance	18 000	15 000
Other allowances	158 494	24 822
	1 163 485	**810 982**

The Manager Planning and Economic Development was employed from 01 September 2014.

Remuneration of technical services manager		
Annual Remuneration	589 320	-
Car Allowance	232 980	-
Contributions to UIF, Medical and Pension Funds	175 876	-
Cellphone allowance	18 000	-
Other allowances	2 646	-
	1 018 822	**-**

The Manager Technical Services was appointed 01 July 2015

32. Remuneration of councillors		
Mayor	778 852	762 768
Chief Whip	673 120	584 170
Executive Committee Members	2 135 306	1 205 121
Speaker	691 881	634 873
Councillors	2 046 723	2 710 008
	6 325 882	**5 896 940**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

Reconciliation of councillors - 2016

	Position	Annual salary	Travelling allowance	Medical	Back pay	Reimbursement	Pension contribution @ 15%	Cell allowance	Mobile data	To
Nhlapo ML	Mayor- FT	438 635	183 743	42 878	23 052	281	65 795	20 868	3 600	7
Maluleka SE	Speaker- FT	350 190	146 995	38 202	18 442	60 653	52 581	20 868	3 600	6
Radebe RM	Chief Whip-FT	309 448	137 809	65 535	17 289	71 751	46 470	20 868	3 600	6
VD Merwe JF	EC Member- PT	264 167	-	-	10 377	-	39 625	20 868	3 600	3
Ngobeni MJ	EC Member- PT	329 177	137 806	34 759	17 289	4 425	49 480	20 868	3 600	5
Mokonyane TE	EC Member- PT	184 916	70 886	-	9 682	-	27 737	20 868	3 600	3
Mokgethoa WKR	EC Member- PT	167 323	64 141	-	9 682	-	25 098	20 868	3 600	2
Malete GT	EC Member- PT	223 010	-	-	9 682	-	33 465	20 868	3 600	2
Mahlangu PM	EC Member- PT	167 323	64 141	-	9 682	8 748	25 098	20 868	3 600	2
Aphane PM	Councillor-PT	125 787	55 234	26 992	7 544	-	18 868	20 868	3 600	2
Ras MN	Councillor-PT	192 118	-	-	7 544	-	28 818	20 868	3 600	2
Hlungwane FS	Councillor-PT	139 014	61 979	26 305	7 544	15 175	20 852	20 868	3 600	2
Ledwaba MH	Councillor-PT	215 573	-	-	7 544	2 356	32 336	20 868	3 600	2
Senosha MD	Councillor-PT	144 087	55 237	-	7 544	601	21 613	20 868	3 600	2
Alberts KB	Councillor-PT	119 253	45 714	-	7 544	-	17 888	17 390	3 000	2
Mpete LR	Councillor-PT	144 016	49 216	-	7 544	-	21 602	20 868	3 600	2
Sesane MJ	Councillor-PT	215 573	-	-	7 544	-	32 336	20 868	3 600	2
		3 729 699	**1 072 901**	**234 671**	**185 529**	**163 990**	**559 662**	**351 278**	**60 600**	**6 3**

Reconciliation of councillors - 2015

	Position	Annual salary	Travelling allowance	Medical	Other allowances	Reimbursement	Pension contribution @ 15%	Cell allowance	Mobile data allowance	Total
Nhlapo ML	Mayor-FT	410 505	171 996	44 057	30 502	19 664	61 576	20 868	3 600	762 768
Maluleka SE	Speaker-FT	329 692	137 598	34 474	24 401	34 787	49 454	20 868	3 600	634 873
Radebe RM	Chief Whip - FT	301 665	129 000	42 438	22 877	18 472	45 250	20 868	3 600	584 170
Sesane MJ	EC Member- FT	151 280	-	-	10 857	-	22 692	13 912	2 400	201 141
VD Merwe JF	EC Member- FT	246 779	-	-	12 582	-	37 017	20 868	3 600	320 846
Ngobeni MJ	EC Member- FT	310 137	128 998	31 061	22 877	20 014	46 521	20 868	3 600	584 076
Malete GT	EC Member- FT	79 045	-	-	-	-	11 857	6 956	1 200	99 058
Ras MN	Councillor-PT	179 472	-	-	9 150	-	26 921	20 868	3 600	240 011
Ledwaba MH	Councillor-PT	179 472	-	-	9 150	-	26 921	20 868	3 600	240 011
Hlungwane FS	Councillor-PT	114 462	51 596	23 737	9 704	2 314	17 169	20 868	3 600	243 451
Aphane PM	Councillor-PT	120 309	51 596	20 934	9 150	14 700	18 046	20 868	3 600	259 201
Mokgethoa WKR	Councillor-PT	166 485	63 820	-	16 075	5 328	24 973	20 868	3 600	301 149
Mokonyane TE	Councillor-PT	121 383	46 531	-	4 332	7 706	18 208	15 651	2 700	216 511
Mahlangu PM	Councillor-PT	166 485	63 820	-	16 075	1 938	24 973	20 868	3 600	297 759
Senosha MD	Councillor-PT	167 759	13 473	-	9 150	3 802	25 164	20 868	3 600	243 816
Alberts KB	Councillor-PT	134 612	51 596	-	9 150	16 820	20 191	20 868	3 600	256 837

Notes to the Annual Financial Statements

Figures in Rand								2016		2015
Mpete LR	Councillor-PT	120 532	-	-	5 083	-	18 080	13 912	2 400	160 007
Sesane MJ	Councillor-PT	61 592	-	-	-	-	9 239	6 956	1 200	78 987
Malete GT	Councillor-PT	103 145	-	-	7 675	-	8 841	12 173	2 100	133 934
Monanyane M	Councillor-PT	22 104	8 472	-	365	-	3 315	3 478	600	38 334
		3 486 915	**918 496**	**196 701**	**229 155**	**145 545**	**516 408**	**344 322**	**59 400**	**5 896 940**

In-kind benefits

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

The mayor, speaker and chief whip are full-time. Each is expected to be provided with an office and secretarial support at the cost of the Council.

33. Debt impairment

Debt impairment - traffic fines	3 232 054	4 958 107
Debt impairment - consumer debtors	25 944 421	25 351 422
	29 176 475	**30 309 529**

34. Interest received

Interest revenue

Interest received - investment	940 360	2 268 353
Interest charged on trade and other receivables	5 294 784	6 048 999
	6 235 144	**8 317 352**

35. Fair value adjustments

Investment property (Fair value model)	13 203 875	1 959 918

36. Depreciation and amortisation

Property, plant and equipment	30 808 519	27 727 459

37. Actuarial Gain / (Loss)

Actuarial gain / (loss) - post employment medical aid	642 000	13 825 104
Actuarial gain / (loss) - long service award	(8 127 400)	(1 821 773)
	(7 485 400)	**12 003 331**

38. Finance costs

Finance leases	2 424 098	949 401
Interest on loan	-	2 280 472
Interest on landfill site	1 208 718	333 327
Other on long service awards	2 863 000	3 393 353
	6 495 816	**6 956 553**

39. Auditors' remuneration

Fees	2 553 040	3 206 430

40. Bulk purchases

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
Electricity	73 616 039	65 912 735
Water	5 298 958	6 384 916
	78 914 997	**72 297 651**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

41. Cash generated from operations

Deficit	(37 622 762)	(40 913 763)
Adjustments for:		
Depreciation and amortisation	30 808 518	27 727 459
Deposits	2 199 020	3 838 873
Sundry	(3 800 261)	(3 515 849)
Fair value adjustments	(13 203 875)	(1 959 918)
Non cash - donation received	(7 270 367)	-
Financing - interest expense	6 495 816	6 956 553
Non cash - donation on investment property	14 719 767	-
Impairment loss	66 513	2 310
Loss on disposal	1 968 058	997 844
Obligations	8 089 000	(9 064 000)
Movements in provisions	132 885	5 206 424
Changes in working capital:		
Inventories	(10 868)	(28 629)
Receivables	12 227 639	7 125 430
Payables from exchange transactions	31 520 427	51 148 109
VAT	(490 794)	(2 639 757)
Unspent conditional grants and receipts	34 434 029	(292 682)
	80 262 745	**44 588 404**

Figures in Rand	2016	2015

42. Commitments

Capital commitments

Approved and contracted for		
• Property, plant and equipment	27 808 564	9 226 991
Approved but not yet contracted for		
• Property, plant and equipment	263 317 105	209 266 077
Operational commitments		
• Property, plant and equipment	112 607 704	136 886 464

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 059 441	34 157 054
- in second to fifth year inclusive	204 650	37 164 648
	1 264 091	**71 321 702**

Operating lease payments represent rental payable by the municipality for photocopying machine and that are leased from Nashua and Tenderwood and Palesa Tech Pty(Ltd), Tenderwood trading as Panasonic,Sci-fi,and Kinolta Minolta and cash collection device from Fedelity. The operating lease for photocopy machine at Nashua is three years and rental payable at fixed rate for a period of lease term.The lease term for Kinolta Minolta,Tenderwood trading as Panasonic and Sci-fi are for month-month basis.Lease payments for photocopying machines are paid at fixed amount over lease term except for Minolta which escalates yearly by 15% as well as lease from Fidelity which escalates by CPI plus 2%.The Municipality had an operating lease contract for the lease of Municipal fleet which was terminated during the financial year and replaced with a finance lease contract.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	1 243 182	1 180 690
- in second to fifth year inclusive	274 284	498 646
- later than five years	260 353	337 031
	1 777 819	**2 016 367**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

The municipality owns properties that are leased out to the employees for the period not exceeding 12 months.
The Municipality leases land to variour entities for the purposes of farming and network equipment transmission.
Lease periods range from five to ten years.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

43. Contingencies

Figures in Rand	2016	2015

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable. Amounts have not been provided in certain cases as the court has not yet determined a value. The claims are divided in the under mentioned groups:

41.1 Contingent liabilities:

1. Nyambeni LR vs Bela-Bela - the value of the claim is R350,000 and it is regarding a disciplinary hearing due to misconduct.
Mr. Nyambeni LR was previously employed as the Manager Technical Services and was subsequently dismissed due to
misconduct on 28 October 2014. The matter was referred for arbitration as unfair dismissal. The matter is to be settled, the
settlement proposal was send to Mr Nyambeni's attorneys for their consideration.

2. Charles Dennis Duggan & 3. The applicants requesting an order that the municipality relocate the occupiers of erf 1491 &
1492 to suitable and alternative land.The The municipality may be subjected to a claim of R450 000 .The municipality had
filed opposing papers on the 17 February 2016 and are awaiting responses from all cited parties.

3. Dikala Plant Hire.This claim is regarding the dispute of the termination of the service level agreement and the validity of
joint venture agreement between Dikala and BBT. The further ancillary relief was for the Court to order the
municipality to pay all arrear and future payments directly into the account of Dikala.The matter has been set down for the
week of 24 to 28 October 2016. The claim is estimated to cost R44 013 809.

4. Lourens Humphries obo LJ Humphries - The value of the claim is R800 000 and it is regarding Mr. L Humphries instituted a
claim against the Municipality as guardian to LJ Humphries. It is alleged that in March 2015 LJ fell off his bicycle after riding
into an open ditch next to the road on the pavement which is situated within the Municipal area.All documents have been
provided to the Attorneys of our Insurer Lateral Unison and pleadings are in the process of being exchanged.

5. Elaine Wildey.It is alleged that damage occurred to Ms. Wildey's vehicle whilst on the R101 road due to a pot hole on the
road.The value of the claim is R24 289.48.We have entered a notice of intention to defend the matter and later filed our
plea. The plaintiff's attorneys did not take the matter any further. Our attorneys have kept the file in abeyance pending
further action by the Plaintiff's attorneys. The Plaintiffs were made aware that the Municipality is not responsible for the
maintenance of the R101 road.

6. Fawcett Security Services. On 27 January 2016 Fawcett security made an urgent application in the high court after the
municipality terminated their contract. The said application was dismissed with cost by the high court.The Sheriff served
combined summons at records on the 27 January 2016 which does not constitute proper service and

Figures in Rand	2016	2015

subsequent to that
Fawcett Security obtained default judgment against the Municipality as the summons were not attended to.The Municipality
has launched an application to set aside the default judgment which Fawcett is in the process of opposing currently.Settlement of the litigation is estimated to be R7 472 502.

7. Zibre Beleggings CC. The Municipality has been cited as the second respondent in the application. The applicant requests
the Pretoria High Court to order the Municipality to provide temporary accommodation to the unlawful occupiers on their
farm Zibredy 103 JR and to further obtain land for the purpose of the relocation of the unlawful occupiers of the property,
amongst others.The claim is estimated to cost the municipality R450 000. The applicant's relief requested against the
second and third respondents in Part B of the notice of motion is postponed for adjudication.

41.2 Contingent assets:

1. Bela Bela vs Compensation Commisioner. Value of the claim with Compensation Commisioner is R101 108.63. Municipality
have lodged an application to Compensation Commisioner to be reimbursed of the medical expenses incurred to one of the
employee injured while on duty. The timing of the litigation is unknown at the movement.

44. Related parties

Relationships

Accounting Officer	Refer to accounting officer's report note
Members of key management and councillors	Refer to note 30 & 31

Figures in Rand

45. Prior period errors

1. During the 2014/15 financial year:

1.1 we discovered that consumers were incorrectly levied with incorrect tariffs as opposed to the correct approved municipal
and NERSA tariffs for electricity and sanitation.
1.2 during the 2014/15 asset verification the following categories of assets were not found on the floor and were written off,
however when we performed the 2015/16 verification the assets were found on the following categories of assets:
-office equipment
-computer equipment
-furniture and fixtures &
-emergency equipment
1.3 Investment property, community assets and infrastructure - During the 2015/16 financial year we endeavoured to perform
a thorough review of the municipal land, investment properties and associated infrastructure network to ensure
completeness of the full immovable asset portfolio.

This investigation, aided by a newly established valuation roll, resulted in the identification of a number of anomalies between registered land parcels and properties registered within the financial records of the municipality. These anomalies related to previously unregistered properties, properties previously registered in the name of the Republic of South Africa and properties subdivided without the subdivision registered at the Registrar of Deeds. In order to ensure completeness of municipal controlled land, these anomalies were addressed and where applicable, the financial records have been restated.

In addition to this investigation necessitating changes to municipal land and Investment properties, it also assisted in the identification of water and sanitation infrastructure assets which were previously omitted from the asset register. In order to ensure completeness of municipal infrastructure, these anomalies were addressed and where applicable, the financial records have been restated.

The investigation in the completeness of the municipal facilities, aided by the land investigation revealed in the identification of community facility components which were erroneously not derecognised from the register. In order to ensure completeness of municipal infrastructure, these anomalies were addressed and where applicable, the financial records have been restated.

Resultant from the changes required through the publication of the extra ordinary gazettes dealing with the declaration of provincial roads (Gazette no. 2372 and Gazette no. 2417) and clarity provided by RAL during September 2015 on the exact boundaries of the declared roads, certain changes were required on the roads and stormwater infrastructure network in order to align the municipality's roads and stormwater network.

1.4 During 2014/15 financial year unknown deposits that were deposited to the traffic fines bank account were erroneously recorded as the payment of traffic fines. The error has been corrected by moving those deposits to the unknown deposit account. The effect on the restated 2014/15 financial year figures is as follows:

Increase in traffic fines receivables R3 387 680
Increase in unknown deposits payables R3 387 680

1.5 The Municipality has been erroneously billing Municipal owned properties which resulted in overstatement of revenue and receivables. The error has been detected during the 2015/16 financial year. Prior period figures will be adjusted to correct the errors and reduce overstated revenue and receivables.

1.6 During 2015/16 financial year audit process it was discovered that there were some expenditure line items that were accounted for in the incorrect financial year. Accruals have been raised on the financial years where the

expenditure
were incurred to correct the error.

1.7 The Municipality assets register included some assets with credit balances which should have been depreciated and
written off in the prior financial years. Assets with credit balances have been written off in the 2015/16 financial year.

1.8 Roodepoort and Vodacom - The Municipality has erroneously omitted charging Value Added Tax(VAT) VAT and
escalations on two land rental contracts. That led to the understatement of VAT and Rental income. The error has been
corrected by increasing the outstanding escalations and related VAT.

The correction of the error(s) results in adjustments as follows:

Figures in Rand

Statement of financial position	Audited AFS 30 June 2015	Restated AFS 30 June 2015	Restatements
Property, plant and equipment	538 495 779	533 198 639	(5 297 140)
Consumer debtors from exchange transactions	13 653 163	11 999 587	(1 653 576)
Investment property	176 952 621	344 816 649	167 864 028
Receivables from non exchange transactions	438 715	3 826 395	3 387 680
Unknown deposits	4 196 948	7 584 628	(3 387 680)
Consumer debtors from non exchange transactions	14 198 712	14 116 290	(82 422)
Sundry debtors	3 493 291	9 702 111	6 208 820
Trade and other payables from exchange transactions	71 836 359	74 271 291	(2 434 932)
Opening Accumulated Surplus or Deficit	632 073 821	790 648 393	158 574 572

46. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality credit profile and diversified funding sources to ensure that sufficient liquid funds are maintained to meet its daily cash requirements . The municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

Credit risk

This creditworthiness can mainly be ascribed to three things,

(i) adequate revenue that supports borrowing
(ii) reliable financial information, which is necessary for public disclosure, and
(iii) proper credit ratings.

All three these elements are important to ensure municipal creditworthiness. The municipality faces enormous constraints on all three these elements.

The municipality does not have adequate revenue to support borrowing, mainly due to debt outstanding and the collection is hampered by the poverty levels which increase the indigent book of the municipality. Incentives were implemented to enter into agreement with debtors with intention to write –off 50% of debts owed if 50% is paid within agreed time.

The reliability of financial information is determined by factors such Auditor General's opinion of financial statements which will turn effect credit ratings of municipality

Council took a resolution to pay-off its loan term loan with INCA within next twelve months and the loan is converted into short-term as result of the decision taken. As a result of restructuring the outstanding amount as at 30 June 2015 is R3 278 875 and
it was settled at 30 September 2015.

Interest rate risk

Figures in Rand

The municipality's interest rate risk arises from investments at variable rates which exposes the municipality to cash flow interest rate risk. Investment at fixed rates exposes the municipality to fair value interest rate risk. The municipal policy is to not invest with one institution and to invest at differest maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are call deposits.

Refer to note15 that indicates the breakdown of all the investments.

Notes to the Annual Financial Statements

Figures in Rand

47. Unauthorised expenditure

Opening balance	30 875 995	30 875 995
Less:Irrecoverable	(30 875 995)	-
	-	**30 875 995**

The municipality took an exercise of fully comply with GRAP 17 (Property, plant and Equipment). This exercise has led to an increase in depreciation on the adjustment budget which was more than was anticipated. This is non-cash item and it contributed significantly to the R30 875 995 disclosed as unauthorised expenditure.

The municipality further calculated a more realistic debt impairement cost. This resulted into overspending on that line item. Again this is a non-cash item. Therefore the overspending is due to non-cash items.

48. Fruitless and wasteful expenditure

Opening balance	618 070	617 948
Fruitless and wasteful expenditure current year	857 891	122
	1 475 961	**618 070**

The current year fruitless and wasteful expenditure amounting to R857 891 relates to the late payment of invoices to Eskom and Auditor General due to late payments.

49. Irregular expenditure

Opening balance	52 704 069	49 218 923
Add: Irregular Expenditure - current year	2 130 086	3 485 146
Less: Irrecoverable	(54 007 516)	-
	826 639	**52 704 069**

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	951 743	728 180
Amount paid - current year	(951 743)	(728 180)
	-	**-**

Material losses through criminal conduct

Opening balance	858 454	855 454
Current year subscription / fee	-	3 000
	858 454	**858 454**

An amount of R 3000 was withdrawn on one of the municipality's bank accounts fraudulently in the previous financial year. The case is still on going internally

Notes to the Annual Financial Statements

Figures in Rand

Audit fees

Opening balance	59 252	-
Current year subscription / fee	2 836 359	3 265 682
Amount paid - current year	(2 553 040)	(3 206 430)
	342 571	**59 252**

Notes to the Annual Financial Statements

Figures in Rand

PAYE and UIF

Opening balance	963 684	-
Current year subscription / fee	13 295 717	10 337 970
Amount paid - current year	(13 122 711)	(9 374 286)
	1 136 690	**963 684**

Pension and medical aid deductions

Opening balance	2 011 044	-
Current year subscription / fee	8 699 250	22 137 742
Amount paid - current year	(8 437 200)	(20 126 698)
	2 273 094	**2 011 044**

VAT

VAT receivable	6 121 836	5 631 042

VAT output payables and VAT input receivables are shown in note 13.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30 June 2016	**Outstanding less than 90 days R**	**Outstanding more than 90 days R**	**Total R**
REM Radebe	318	-	318
SE Maluleka	818	-	818
MJ Ngobeni	248	-	248
ML Nhlapo	2 337	-	2 337
JFMP Van Der Merwe	4 855	-	4 855
MJ Sesane	386	-	386
FS Hlungwane	276	-	276
MH Ledwaba	3 749	-	3 749
	12 987	**-**	**12 987**

30 June 2015	**Outstanding less than 90 days R**	**Outstanding more than 90 days R**	**Total R**
REM Radebe	338	-	338
SE Maluleka	666	-	666
MJ Ngobeni	247	-	247

Notes to the Annual Financial Statements

Figures in Rand

ML Nhlapo	1 252	-	1 252
JFMP Van Der Merwe	2 221	-	2 221
MJ Sesane	1 548	41	1 589
FS Hlungwane	527	-	527
MH Ledwaba	2 452	12 547	14 999
	9 251	**12 588**	**21 839**

During the year all Councillors were informed about the amount owing and were informed that they are in contravention of Scheme B of the Municipal Systems Act

Figures in Rand

51. Deviation from supply chain management regulations

Paragraph 36(2) of SCM regulation states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.
In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances: •

- Sole suppliers
- Emergency
- Impracticality

In terms of section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

	2016	2015
Deviation from SCM regulation	R3 042 221	R3 397 614

Figures in Rand

52. Distribution Losses

Distribution losses incurred by the Municipality were as follows:

2016

Description	Water	Electricity	Total
Purchases	2 432 643	93 748 617	96 181 260
Sales	1 819 853	77 667 529	79 487 382
Losses (Kl or Kwh)	**612 790**	**16 081 088**	**16 693 878**
Amount losses (R)	**7 163 515**	**20 016 130**	**27 179 645**
Percentage losses	**25.19%**	**17.15%**	**17.35%**
Avoidable losses			
Units (Kl or Kwh)	247 894	14 472 979	14 720 873
Amounts (R)	2 897 881	18 014 517	20 912 398
Percentage	**10.19%**	**15.44%**	**15.35%**
Technical losses			
Units (Kl or Kwh)	364 896	1 608 109	1 973 005
Amounts (R)	4 265 634	2 001 613	6 267 247
Percentage	**15%**	**1.72%**	**2.05%**

2015

Description	Water	Electricity	Total
Purchases	3 168 675	90 788 316	93 956 991
Sales	2 427 697	71 948 914	74 376 611
Losses (Kl or Kwh)	**740 978**	**18 839 402**	**19 580 380**
Amount losses (R)	**1 885 614**	**9 696 012**	**11 581 626**
Percentage losses	**23.38%**	**20.75%**	**44.13%**
Avoidable losses			
Units (Kl or Kwh)	265 586	9 760 172	10 025 758
Amounts (R)	675 853	5 023 235	5 699 088
Percentage	**8.38%**	**10.75%**	**19.13%**
Technical losses			
Units (Kl or Kwh)	475 392	9 079 230	9 554 622
Amounts (R)	1 209 761	4 672 777	5 882 538
Percentage	**15%**	**10%**	**25%**

Figures in Rand

53. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix G3 for the comparison of actual operating expenditure versus budgeted expenditure.

Appendix A
June 2016

Schedule of external loans as at 30 Ju

	Loan Number	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written off during the period	Balance at 30 June 2016	Ca Va Prc Pl E R
			Rand	Rand	Rand	Rand	
External Loans							
Annuity Loan - INCA	00-0003 and 00-0004	30 September 2016	3 278 875	-	3 278 875	-	
			3 278 875	**-**	**3 278 875**	**-**	
Total external loans							
External Loans			3 278 875	-	3 278 875	-	
			3 278 875	**-**	**3 278 875**	**-**	

Appendix B

June 2016

Analysis of property, plant and equipment as a

Cost/Revaluation

Accu

	Opening Balance Rand	Additions Rand	Derecogntion Rand	Transfers Rand	Revaluations Rand	Provision adjustment Rand	Closing Balance Rand	Opening Balance Rand	Derecognitio - Acc depr Rand
Land and buildings									
Housing (Inc land)	21 819 971	-	-	-	-	-	**21 819 971**	(16 320 972)	-
Operational buildings	49 531 633	-	-	-	-	-	**49 531 633**	(20 532 425)	-
Roads and stormwater	876 356	-	-	-	-	-	**876 356**	(4 382)	-
	72 227 960	-	-	-	-	-	**72 227 960**	**(36 857 779)**	-
Infrastructure									
Electricity	~~120 927 939~~	~~517 500~~	-	-	-	-	~~**121 445 439**~~	~~(72 729 277)~~	-
Roads and stormwater network	366 176 054	17 630 367	(6 017 885)	-	-	-	**377 788 536**	(163 408 366)	4 246 96
Sanitation network	189 743 001	-	-	-	-	-	**189 743 001**	(124 346 885)	-
Water supply network	247 017 193	24 978 164	(220 150)	-	-	-	**271 775 207**	(150 566 208)	188 76
	923 864 178	**43 126 040**	**(6 238 035)**	-	-	-	**960 752 183**	**(511 050 736)**	**4 435 73**
Community Assets									
Parks & gardens	63 655 580	7 220 915	(271 555)	-	-	5 644 648	**76 249 588**	(34 980 963)	208 05
Recreational facilities	~~11 083 134~~	-	-	-	-	-	~~**11 083 134**~~	~~(6 036 909)~~	-
	74 738 714	**7 220 915**	**(271 555)**	-	-	5 644 648	**87 332 722**	**(41 017 872)**	**208 05**

Appendix B

June 2016

Analysis of property, plant and equipment as at 3

	Cost/Revaluation							Acc	
	Opening Balance	Additions	Derecognition	Transfers	Revaluations	Provision adjustment	Closing Balance	Opening Balance	Derecognitio - Acc depr
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets									
Buildings	538 950	-	-	-	-	-	**538 950**	-	-
	538 950	-	-	-	-	-	**538 950**	-	-
Specialised vehicles									
Other assets									
Plant & equipment	863 971	801 670	(327 402)	-	-	-	**1 338 239**	(670 672)	279 05
Furniture & Fittings	3 761 862	304 635	(255 345)	-	-	-	**3 811 152**	(2 799 722)	240 64
Office Equipment	13 312 784	571 597	(372 750)	-	-	-	**13 511 631**	(5 257 962)	333 64
Emergency Equipment	92 844	-	-	-	-	-	**92 844**	(68 094)	-
Work in progress	42 185 904	50 978 943	(43 126 040)	-	-	-	**50 038 807**	-	-
	60 217 365	**52 656 845**	**(44 081 537)**	-	-	-	**68 792 673**	**(16 455 020)**	**8 651 55**

Appendix B

June 2016

Analysis of property, plant and equipment as at 3

	Cost/Revaluation							Acc	
	Opening Balance	Additions	Derecognition	Transfers	Revaluations	Provision adjustment	Closing Balance	Opening Balance	Derecognitio - Acc depr
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment									
Land and buildings	72 227 960	-	-	-	-	-	**72 227 960**	(36 857 779)	-
Infrastructure	923 864 178	43 126 040	(6 238 035)	-	-	-	**960 752 183**	(511 050 736)	4 435 73
Community Assets	74 738 714	7 220 915	(271 555)	-	-	**5 644 648**	**87 332 722**	(41 017 872)	208 05
Heritage assets	538 950	-	-	-	-	-	**538 950**	-	-
Other assets	60 217 365	52 656 845	(44 081 537)	-	-	-	**68 792 673**	(16 455 020)	8 651 55
	1 131 587 167	**103 003 800**	**(50 591 127)**	-	-	**5 644 648**	**1 189 644 488**	**(605 381 407)**	**13 295 34**
Agricultural/Biological assets									
Intangible assets									
Computers - software & programming	1 617 886	657 326	-	-	-	-	2 275 212	(199 947)	-
Other	645 664	-	-	-	-	-	**645 664**	-	-
	2 263 550	**657 326**	-	-	-	-	**2 920 876**	**(199 947)**	-
Investment properties									
Investment property	344 816 649	-	(14 719 766)	-	13 203 876	-	**343 300 759**	-	-
	344 816 649	-	**(14 719 766)**	-	**13 203 876**	-	343 300 759	-	-
Total									
Land and buildings	72 227 960	-	-	-	-	-	**72 227 960**	(36 857 779)	-
Infrastructure	923 864 178	43 126 040	(6 238 035)	-	-	-	**960 752 183**	(511 050 736)	4 435 73
Community Assets	74 738 714	7 220 915	(271 555)	-	-	**5 644 648**	**87 332 722**	(41 017 872)	208 05
Heritage assets	538 950	-	-	-	-	-	**538 950**	-	-
Other assets	60 217 365	52 656 845	(44 081 537)	-	-	-	**68 792 673**	(16 455 020)	8 651 55
Intangible assets	2 263 550	657 326	-	-	-	-	**2 920 876**	(199 947)	-
Investment properties	344 816 649	-	(14 719 766)	-	13 203 876	-	**343 300 759**	-	-
	1 478 667 366	**103 661 126**	**(65 310 893)**	-	**13 203 876**	**5 644 648**	**1 535 866 123**	**(605 581 354)**	**13 295 34**

Appendix B

Analysis of property, plant and equipment as a

Cost/Revaluation — Accu

	Opening Balance Rand	Additions Rand	Derecognition Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Derecognitio - Accum dep Rand
Land and buildings									
Housing (Inc land)	21 819 971	-	-	-	-	-	**21 819 971**	(15 930 188)	-
Operational buildings	49 237 233	464 900	(170 500)	-	-	-	**49 531 633**	(18 897 693)	4 33
Roads and stormwater	876 356	-	-	-	-	-	**876 356**	-	-
	71 933 560	**464 900**	**(170 500)**	**-**	**-**	**-**	**72 227 960**	**(34 827 881)**	**4 33**
Infrastructure									
Electricity network	~~121 884 184~~	~~-~~	~~(166 255)~~	~~-~~	~~-~~	~~-~~	~~120 927 929~~	~~(69 991 151)~~	~~88 89~~
Roads and stormwater network	360 898 910	6 166 505	(889 361)	-	-	-	**366 176 054**	(156 967 784)	469 00
Sanitation network	189 464 992	346 135	(68 126)	-	-	-	**189 743 001**	(121 685 882)	53 84
Water supply network	246 970 660	388 895	(342 362)	-	-	-	**247 017 193**	(145 526 312)	288 49
	918 368 746	**6 901 535**	**(1 406 104)**	**-**	**-**	**-**	**923 864 177**	**(494 081 129)**	**909 73**
Community Assets									
Parks & gardens	61 346 793	3 019 989	(711 202)	-	-	-	**63 655 580**	(32 823 946)	(510 993
Recreational facilities	~~23 232 390~~	~~-~~	~~(12 149 256)~~	~~-~~	~~-~~	~~-~~	~~11 883 134~~	~~(16 299 551)~~	~~-~~
	84 579 183	**3 019 989**	**(12 860 458)**	**-**	**-**	**-**	**74 738 714**	**(49 123 497)**	**(510 993**

Appendix B

June 2016

Analysis of property, plant and equipment as at 3

	Cost/Revaluation							Acc	
	Opening Balance	Additions	Derecognition	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Derecognitio - Accum dep
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets									
Buildings	538 950	-	-	-	-	-	**538 950**	-	-
	538 950	-	-	-	-	-	**538 950**	-	-
Specialised vehicles									
Other assets									
General vehicles	9 595 000	-	(9 595 000)	-	-	-	-	(7 658 570)	7 798 31
Plant & equipment	1 075 402	55 745	(267 176)	-	-	-	**863 971**	(734 432)	207 46
Furniture & Fittings	3 538 721	536 353	(308 419)	-	(4 793)	-	**3 761 862**	(2 651 019)	272 46
Office Equipment	3 987 826	11 588 609	(2 264 894)	-	1 243	-	**13 312 784**	(2 704 879)	1 945 29
Emergency Equipment	93 699	-	(855)	-	-	-	**92 844**	(58 708)	77
Work in progress	10 498 604	39 234 042	-	(7 546 742)	-	-	**42 185 904**	-	-
	28 789 252	**51 414 749**	**(12 436 344)**	**(7 546 742)**	**(3 550)**	-	**60 217 365**	**(13 807 608)**	**10 224 31**

Appendix B

June 2016

Analysis of property, plant and equipment as at 3

	Cost/Revaluation							Acc	
	Opening Balance	Additions	Derecognition	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Derecognitio - Accum dep
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment									
Land and buildings	71 933 560	464 900	(170 500)	-	-	-	**72 227 960**	(34 827 881)	4 33
Infrastructure	918 368 746	6 901 535	(1 406 104)	-	-	-	**923 864 177**	(494 061 129)	909 73
Community Assets	84 579 183	3 019 989	(12 860 458)	-	-	-	**74 738 714**	(49 123 497)	(510 993
Heritage assets	538 950	-	-	-	-	-	**538 950**	-	-
Other assets	28 789 252	51 414 749	(12 436 344)	(7 546 742)	(3 550)	-	**60 217 365**	(13 807 608)	10 224 31
	1 104 209 691	**61 801 173**	**(26 873 406)**	**(7 546 742)**	**(3 550)**	-	**1 131 587 166**	**(591 840 115)**	**10 627 38**
Agricultural/Biological assets									
Intangible assets									
Computers - software & programming	1 539 576	78 308	-	-	-	-	**1 617 886**	(133 439)	-
Other	645 664	-	-	-	-	-	**645 664**	-	-
	2 185 242	**78 308**	-	-	-	-	**2 263 550**	**(133 439)**	-
Investment properties									
Investment property	173 368 943	-	-	-	171 447 706	-	**344 816 649**	-	-
	173 368 943	-	-	-	**171 447 706**	-	**344 816 649**	-	-
Total									
Land and buildings	71 933 560	464 900	(170 500)	-	-	-	**72 227 960**	(34 827 881)	4 33
Infrastructure	918 368 746	6 901 535	(1 406 104)	-	-	-	**923 864 177**	(494 061 129)	909 73
Community Assets	84 579 183	3 019 989	(12 860 458)	-	-	-	**74 738 714**	(49 123 497)	(510 993
Heritage assets	538 950	-	-	-	-	-	**538 950**	-	-
Other assets	28 789 252	51 414 749	(12 436 344)	(7 546 742)	(3 550)	-	**60 217 365**	(13 807 608)	10 224 31
Intangible assets	2 185 242	78 308	-	-	-	-	**2 263 550**	(133 439)	-
Investment properties	173 368 943	-	-	-	171 447 706	-	**344 816 649**	-	-
	1 279 763 876	**61 879 481**	**(26 873 406)**	**(7 546 742)**	**171 444 156**	-	**1 478 667 365**	**(591 973 554)**	**10 627 38**

Appendix C

June 2016

Segmental analysis of property, plant and equipmer

Cost/Revaluation — Accu

	Opening Balance Rand	Additions Rand	Derecognition Rand	Transfers Rand	Tranfers Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Derecognitio Rand
Municipality									
Land and buildings	72 227 960	-	-	-	-	-	**72 227 960**	(36 857 779)	-
Comm. & Social / Libraries and archives	63 655 580	7 220 915	(271 555)	-	-	**5 644 629**	**76 249 569**	(34 980 963)	208 05
Sport and Recreation	11 083 134	-	-	-	-	-	**11 083 134**	(6 036 909)	-
Electricity / Electricity Distribution	120 927 930	517 509	-	-	-	-	**121 445 439**	(72 729 277)	-
Road Transport / Road	366 176 054	17 630 367	(6 017 885)	-	-	-	**377 788 536**	(163 408 366)	4 246 96
Waste Water Management / Sewerage	189 743 001	-	-	-	-	-	**189 743 001**	(124 346 885)	-
Water / Water Distribution	247 017 193	24 978 164	(220 150)	-	-	-	**271 775 207**	(150 566 208)	188 76
Other	60 217 363	77 902 179	(967 296)	-	(43 126 040)	-	**94 026 206**	(8 796 447)	865 01
	1 131 048 215	**128 249 134**	**(7 476 886)**	-	**(43 126 040)**	**5 644 629**	**1 214 339 052**	**(597 722 834)**	**5 508 80**
Municipal Owned Entities									
Total									
Municipality	1 131 048 215	128 249 134	(7 476 886)	-	(43 126 040)	**5 644 629**	**1 214 339 052**	(597 722 834)	5 508 80
	1 131 048 215	**128 249 134**	**(7 476 886)**	-	**(43 126 040)**	**5 644 629**	**1 214 339 052**	**(597 722 834)**	**5 508 80**

Appendix D
June 2016

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Municipality			
-	13 661 615	(13 661 615)	Executive & Council/Mayor and Council	-	17 318 310	(17 318 310
116 014 159	92 749 688	23 264 471	Finance & Admin/Finance	120 225 136	111 550 755	8 674 38
197 229	6 901 611	(6 704 382)	Planning and Development/Economic Development/Plan	195 815	9 644 043	(9 448 228
1 684 978	9 109 266	(7 424 288)	Comm. & Social/Libraries and archives	337 586	11 260 281	(10 922 695
7 766 043	10 038 552	(2 272 509)	Waste Water Management/Sewerage	8 109 841	11 893 178	(3 783 337
24 700 872	11 070 790	13 630 082	Road Transport/Roads	26 130 098	9 843 074	16 287 02
30 554 886	24 477 750	6 077 136	Water/Water Distribution	49 248 602	24 051 971	25 196 63
95 030 834	148 853 492	(53 822 658)	Other/Air Transport	111 873 107	158 181 335	(46 308 228
275 949 001	**316 862 764**	**(40 913 763)**		**316 120 185**	**353 742 947**	**(37 622 762**
			Municipal Owned Entities			
			Other charges			
275 949 001	316 862 764	(40 913 763)	Municipality	316 120 185	353 742 947	(37 622 762
275 949 001	**316 862 764**	**(40 913 763)**	**Total**	**316 120 185**	**353 742 947**	**(37 622 762**

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2016

Name of Grants	Name of c	Quarterly Receipts					Quarterly Expenditure					Grants and Subs withheld		
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec
Equitable share	National Treasury	-	26 428	21 143	15 857	-	-	-	-	-	-	-	-	-
MIG	National Treasury	-	8 170	9 667	44 152	-	-	9 270	7 596	2 063	8 626	-	-	-
FMG	National Treasury	-	1 600	-	-	-	-	-	564	24	1 012	-	-	-
MSIG	National Treasury	-	930	-	-	-	-	-	492	-	438	-	-	-
EPWP	National Treasury	-	433	325	325	-	-	-	1 040	43	-	-	-	-
MWIG	National Treasury	-	2 500	5 000	2 500	-	-	-	5 071	2 598	2 331	-	-	-
INEP	National Treasury	-	2 000	-	-	-	-	170	616	-	1 214	-	-	-
		-	42 061	36 135	62 834	-	-	9 440	15 379	4 728	13 621	-	-	-

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2016

2016/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actu Outcom of Fi Budg
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Ran
Revenue - Standard										
Governance and administration	**158 123 406**	**(16 514 300)**	**141 609 106**	**-**		**141 609 106**	**121 462 885**		**(20 146 221)**	
Budget and treasury office	155 848 648	(16 514 300)	139 334 348	-		139 334 348	120 225 136		(19 109 212)	
Corporate services	2 274 758	-	2 274 758	-		2 274 758	1 237 749		(1 037 009)	
Community and public safety	**22 805 059**	**2 114 107**	**24 919 166**	**-**		**24 919 166**	**7 130 798**		**(17 788 368)**	
Community and social services	~~536 457~~	~~114 107~~	~~652 564~~	~~-~~		~~652 564~~	~~337 580~~		~~(314 976)~~	
Public safety	22 266 602	2 000 000	24 266 602	-		24 266 602	6 793 212		(17 473 390)	
Economic and environmental services	**24 389 526**	**39 018 000**	**63 407 526**	**-**		**63 407 526**	**26 325 913**		**(37 081 613)**	
Planning and development	333 410	-	333 410	-		333 410	195 815		(137 595)	
Road transport	24 056 116	39 018 000	63 074 116	-		63 074 116	26 130 098		(36 944 018)	
Trading services	**168 601 540**	**6 371 773**	**174 973 313**	**-**		**174 973 313**	**161 200 589**		**(13 772 724)**	
Electricity	110 662 174	861 773	111 523 947	-		111 523 947	103 842 146		(7 681 801)	
Water	49 330 291	3 500 000	52 830 291	-		52 830 291	49 248 602		(3 581 689)	
Waste management	8 609 075	2 010 000	10 619 075	-		10 619 075	8 109 841		(2 509 234)	
Total Revenue - Standard	**373 919 531**	**30 989 580**	**404 909 111**	**-**		**404 909 111**	**316 120 185**		**(88 788 926)**	

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification)

for the year ended 30 June 2016

2016/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actu Outcom of Fi Budg
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Ran
Expenditure - Standard										
Governance and administration	**177 223 001**	**23 292 813**	**200 515 814**	**-**	**-**	**200 515 814**	**191 037 422**	**-**	**(9 478 392)**	
Executive and council	21 068 436	-	21 068 436	-	-	21 068 436	17 318 310	-	(3 750 126)	
Budget and treasury office	97 746 311	14 174 335	111 920 646	-	-	111 920 646	111 550 755	-	(369 891)	
Corporate services	58 408 254	9 118 478	67 526 732	-	-	67 526 732	62 168 357	-	(5 358 375)	
Community and public safety	**34 925 266**	**(6 682 071)**	**28 243 195**	**-**	**-**	**28 243 195**	**21 765 566**	**-**	**(6 477 629)**	
Community and social services	14 482 061	(782 576)	13 699 485	-	-	13 699 485	11 260 281	-	(2 439 204)	
Public safety	20 443 205	(5 899 495)	14 543 710	-	-	14 543 710	10 505 285	-	(4 038 425)	
Economic and environmental services	**26 258 851**	**(2 277 369)**	**23 981 482**	**-**	**-**	**23 981 482**	**19 487 117**	**-**	**(4 494 365)**	
Planning and development	11 110 665	227 857	11 338 522	-	-	11 338 522	9 644 043	-	(1 694 479)	
Road transport	15 148 186	(2 505 226)	12 642 960	-	-	12 642 960	9 843 074	-	(2 799 886)	
Trading services	**127 818 895**	**11 317 713**	**139 136 608**	**-**	**-**	**139 136 608**	**121 452 842**	**-**	**(17 683 766)**	
Electricity	88 267 960	13 268 580	101 536 540	-	-	101 536 540	85 507 690	-	(16 028 850)	
Water	27 679 959	(1 999 725)	25 680 234	-	-	25 680 234	24 051 971	-	(1 628 263)	
Waste water management	-	-	-	-	-	-	64 686	-	64 686	D
Waste management	11 870 976	48 858	11 919 834	-	-	11 919 834	11 828 495	-	(91 339)	
Total Expenditure - Standard	**366 226 013**	**25 651 086**	**391 877 099**	**-**	**-**	**391 877 099**	**353 742 947**	**-**	**(38 134 152)**	
Surplus/(Deficit) for the year	**7 693 518**	**5 338 494**	**13 032 012**	**-**		**13 032 012**	**(37 622 762)**		**(50 654 774)**	(:

Appendix G3
Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2016

2016/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source									
Property rates	59 959 110	(808 000)	59 151 110	-		59 151 110	46 336 732		(12 814 378
Property rates - penalties & collection charges	-	-	-	-		-	-		-
Service charges - electricity revenue	105 368 142	636 276	106 004 418	-		106 004 418	103 326 621		(2 677 797
Service charges - water revenue	23 479 094	5 000 000	28 479 094	-		28 479 094	22 624 734		(5 854 360
Service charges - sanitation revenue	10 710 279	(1 500 000)	9 210 279	-		9 210 279	9 464 684		254 40
Service charges - refuse revenue	6 974 822	2 000 000	8 974 822	-		8 974 822	6 171 908		(2 802 914
Service charges - other	4 000 000	(3 500 000)	500 000	-		500 000	410 926		(89 074
Rental of facilities and equipment	2 089 451	14 107	2 103 558	-		2 103 558	1 106 503		(997 055
Interest earned - external investments	4 000 000	(3 500 000)	500 000	-		500 000	940 360		440 36
Interest earned - outstanding debtors	10 332 960	(4 053 690)	6 279 270	-		6 279 270	5 294 784		(984 486
Dividends received	-	-	-	-		-	-		-
Fines	11 638 780	-	11 638 780	-		11 638 780	3 028 800		(8 609 980
Licences and permits	10 000 000	2 000 000	12 000 000	-		12 000 000	3 201 147		(8 798 853
Agency services	-	-	-	-		-	-		-
Transfers recognised	102 223 200	39 018 000	141 241 200	-		141 241 200	104 252 391		(36 988 809
Other revenue	23 143 692	(4 317 113)	18 826 579	-		18 826 579	9 960 595		(8 865 984
Gains on disposal of PPE	-	-	-	-		-	-		-
Total Revenue (excluding capital transfers and contributions)	**373 919 530**	**30 989 580**	**404 909 110**	-		**404 909 110**	**316 120 185**		**(88 788 925**
Expenditure By Type									
Employee related costs	108 702 978	(1 870 931)	106 832 047	-	(90 631)	106 741 416	103 691 637	-	(3 049 779
Remuneration of councillors	6 269 088	-	6 269 088	-	90 631	6 359 719	6 325 883	-	(33 836
Debt impairment	27 711 953	5 000 000	32 711 953		(1 167 289)	31 544 664	29 176 475	-	(2 368 189
Depreciation & asset impairment	29 884 589	-	29 884 589		1 167 289	31 051 878	30 808 519	-	(243 359
Finance charges	2 097 139	4 408 082	6 505 221	-	-	6 505 221	6 495 816	-	(9 405
Bulk purchases	82 369 045	13 000 000	95 369 045	-	(2 500 000)	92 869 045	78 914 997	-	(13 954 048
Other materials	24 413 214	(2 065 962)	22 347 252	-	-	22 347 252	12 128 655	-	(10 218 597
Contracted services	36 486 372	(7 057 523)	29 428 849	-	2 500 000	31 928 849	30 004 739	-	(1 924 110
Fair value adjustments	-	-	-	-	-	-	-	-	-
Other expenditure	48 291 634	14 237 420	62 529 054	-	-	62 529 054	61 914 701	-	(614 353
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-	-	-	-
Total Expenditure	366 226 012	25 651 066	391 877 078	-	-	391 877 078	358 461 422	-	(32 415 676
Surplus/(Deficit)	**7 693 518**	**5 338 494**	**13 032 012**	-		**13 032 012**	**(43 341 237)**		**(56 373 249**
Fair value adjustments	-	-	-	-		-	13 293 875		13 293 875
Actuarial Gain / (Loss)	-	-	-	-		-	(7 485 400)		(7 485 400
	-	-	-	-		-	-		-
Surplus/(Deficit) after capital transfers & contributions	**7 693 518**	**5 338 494**	**13 032 012**	-		**13 032 012**	**(37 622 762)**		**(50 654 774**
Taxation	-	-	-	-		-	-		-
Surplus/(Deficit) after taxation	**7 693 518**	**5 338 494**	**13 032 012**	-		**13 032 012**	**(37 622 762)**		**(50 654 774**
Attributable to minorities	-	-	-	-		-	-		-
Surplus/(Deficit) attributable to municipality	**7 693 518**	**5 338 494**	**13 032 012**	-		**13 032 012**	**(37 622 762)**		**(50 654 774**
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-
Surplus/(Deficit) for the year	**7 693 518**	**5 338 494**	**13 032 012**	-		**13 032 012**	**(37 622 762)**		**(50 654 774**